bowery

APPRAISAL REPORT

NoMo SoHo Hotel

9 Crosby Street

New York, NY 10013

264-Room Hotel

REQUESTED BY

Ms. Sharon Raz / Mr. Hay Mahluf

Sapir Corp.
5 Oppenheimer Street
Rohovot, Israel 7670105

DATE OF VALUE

December 31, 2022

PREPARED BY



Michelle Zell, MAI



Helen Peng, MAI, MRICS, AI-GRS



Maren Lewis

61-63 Crosby Street, Floor 3
New York, NY 10012

February 27, 2023

Ms. Sharon Raz / Mr. Hay Mahluf
Sapir Corp.
5 Oppenheimer Street
Rohovot, Israel 7670105

Re: Bowery File No. JOB-2200022803
Nomo SoHo Hotel
264-Room Hotel
9 Crosby Street
New York, NY 10013

Dear Ms. Raz and Mr. Mahluf:

In accordance with your request, the undersigned have prepared an appraisal of the above-captioned property for the purpose of estimating the fair value of the subject property as of December 31, 2022 in accordance with IFRS-13.

We have appraised the above referenced property, the conclusions of which are set forth in the attached appraisal report. This is an Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of USPAP and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. In addition, this appraisal has been prepared in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement). The depth of analysis discussed in this report is specific to the needs of the client and for the intended use stated in the report. The report is intended only for use in the preparation of financial statements.

This appraisal is to be used to aid the Company in the preparation of the prospectus and/or financial statements to be published in Tel Aviv Stock Exchange in 2023. We confirm that we have given our full consent to the inclusion of the valuation in its entirety within the Company Prospectus to be published in the Tel Aviv Stock Exchange in 2023 and any Draft Prospectus to be published or disclosed to the Israeli Security Authority.

The subject is a 26-story, 264-key hotel completed in 2011. The subject contains a gross building area of 121,165 square feet. In addition to hotel rooms, the subject contains a 5,000 SF restaurant known as Nomo Kitchen, which is located in a greenhouse space, a lobby bar, nightclub space located off the lobby, a meeting room on the second floor, and a meeting room/private dining room located in the lobby. The gallery and terrace offer 2,500 SF of meeting space. The subject is located on the west side of Lafayette Street through to the east side of Crosby Street between Howard and Grand Streets in the Soho neighborhood of New York County, City and State of New York. The subject is identified on the tax maps of New York County as Block 233 Lot 2. The site measures 14,470 square feet and is zoned M1-5B.

In May 2016, new management arrived and made several improvements, including adding one key (a PH unit with private outdoor space that was completed during 2017), opening a nightclub, refurbishment of the lobby, restaurant, and common areas with new furnishings, art, decor, walls, and flooring, added revenue in the form of an amenity fee (started at $25 per room per night, which has increased to $40 per room per night), and lowered expenses. However, in mid-2017, a new Revenue Manager was hired, and the hotel saw a downward trend in ADR. Ownership replaced the management company in September 2018 with Highgate, a premier hospitality management company. Highgate has made various improvements in the hotel's operations, including increasing occupancy and developing additional business from its association with Preferred Hotels & Resorts.

The subject's 2019 performance showed an improvement in occupancy over 2018 as well as a higher occupancy compared to the competitive set, due to effective management by Highgate. However, there was a drop in ADR, which was seen across the Manhattan lodging market in 2019. Similar to the global hotel industry, the subject's performance was significantly impacted by COVID during 2020. Widespread distribution of the COVID vaccine began in late December 2020 with essential workers and was widely available to the general population 12 years and older in the Spring of 2021 and approved for children ages 5-11 in early November 2021. The increase of vaccines and decline in COVID-19 cases resulted in NYC ending COVID-related restrictions in May 2021; however, new restrictions were reintroduced with the Delta and Omicron variants that saw a significant jump in cases in late 2021, which abated in early 2022. Beginning in March 2021 through December 2021, the subject's monthly RevPAR performance significantly outpaced our projections, with the exception of September which was in line with our projections. The hotel's occupancy and ADR have continued to show significant improvement throughout 2022 compared to the same time last year with occupancy above 80% in nine of the last ten months and ADR hovering at $350+ in the last four months. This is significant considering the last time the subject's ADR was $350+ was in October 2018.

As stated in our previous reports, there is new furniture in the lobby, the PH unit has been staged and ownership is marketing it at $2,000 per night, and the lobby coffee bar has been activated. Ownership has refreshed 16 guest rooms, and reopened the nightclub, Nina's, off the lobby, previously known as Mr. H, for private events generating $2,000 to $3,000 per event. Ownership has spent approximately $700,000 over the first half of 2022. Additionally, Highgate has replaced leadership and filled in key positions. Ownership entered an agreement with LDV Hospitality, a reputable F&B operator to manage all of the hotel's F&B operations in which ownership will receive a percentage of the gross revenues as well as a participation in the Net Income.

Ownership is planning a renovation estimated at $20 million. The renovation plan includes the addition of revenue generating F&B outlets, moving the lobby to the ground level as well as refreshing all of the guest rooms, including all furniture and finishes throughout. Ownership reports that they are making progress on their application process with the DOB. To date, they completed schematic designs for both the public spaces and the rooms and have a mockup room. The full application is expected to be sent to DOB during January / February 2023. The renovation plan is to begin in Q2 2023 with the public spaces and some guest rooms with the goal of the least disruption to hotel operations.

The highest and best use of the subject property is continued use as a full-service hotel, assuming a major renovation takes place. Our conclusion is based upon the physical characteristics of the subject property, the nature of the location, the current zoning and general market trends affecting the property.

After carefully considering all available information concerning the subject property and all apparent factors affecting value, the opinion of the appraiser is:

Final Value Conclusion

Value	Interest Appraised	Date of Value	Conclusion
As Is Fair Value	Fee Simple	December 31, 2022	$197,000,000

Allocation of As Is Fair Value

Value Attributable to Real Property	$193,800,000	98%
Value Attibutable to FF&E	$3,200,000	2%
Value Attributable to Business/Intangibles	$0	0%
Total Assets of the Business	**$197,000,000**	**100%**

As with any appraisal, the reader is reminded that the opinion of value is only valid as of the effective date(s). Our conclusions are predicated on the attitudes and expectations prevalent in the subject submarket and market on the date(s) of value. Bowery Valuation continuously monitors the markets where we are active and appropriate steps have been taken to ensure our analysis is based on the most recent, relevant data available. Changes in market conditions or associated with other unanticipated future events, could impact value.

On December 14, 2022, the Federal Reserve Board again increased the benchmark rate by an additional 50 basis points, the seventh increase in the calendar year 2022 in an effort to curb inflation. The most recent rate hike is a slight decline in increases after four consecutive bumps of 75 basis points each in June, July, September, and November with smaller increases in March (25 bps) and May (50 bps). The latest rate hike brings the federal funds rate to a new range of 4.25-4.50% – its highest level in 15 years. Along with the increase announcement, there was an indication that officials expect to keep rates higher through next year, including the most recent 25 bps in January 2023, with no reductions until 2024.

The value conclusions are subject to the following **Extraordinary Assumptions**[1] that may affect the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions:

•Ownership is planning to embark on a renovation plan in 2023/2024, which includes renovating the restaurant and lobby, installing new F&B outlets, and refreshing guest rooms at a total budget of $20 million. Any significant change to the plan, timing or budget might impact the values herein.

If the extraordinary assumptions employed in this appraisal are proved to be false, the values reported herein may be materially impacted.

The value conclusions are based on the following **Hypothetical Conditions**[2] that may affect the assignment results:

•None.

The opinions of value expressed herein are subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

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[1] *The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.*

[2] *The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.*

Thank you for the opportunity to serve you.

Sincerely,



Michelle Zell, MAI
Senior Vice President
Certified General Real Estate Appraiser
NY Cert. No. 46000049921
FL Cert Gen RZ4135
michelle.zell@boweryvaluation.com
(917) 533-3141



Maren Lewis
Vice President
Certified General Real Estate Appraiser
NY State Cert. No. 46000053421
maren.lewis@boweryvaluation.com
(917) 748-5387



Helen Peng, MAI, MRICS, AI-GRS
Director
Certified General Real Estate Appraiser
NY State Cert. No. 46000008916
FL Cert Gen RZ4138
helen.peng@boweryvaluation.com
(646) 226-3013

Summary of Salient Facts

NoMo SoHo Hotel



The subject is a 26-story, 264-key hotel completed in 2011. The subject contains a gross building area of 121,165 square feet. In addition to hotel rooms, the subject contains a 5,000 SF restaurant known as Nomo Kitchen, which is located in a greenhouse space, a lobby bar, nightclub space located off the lobby, a meeting room on the second floor, and a meeting room/private dining room located in the lobby. The gallery and terrace offer 2,500 SF of meeting space.

The subject is located on the west side of Lafayette Street through to the east side of Crosby Street between Howard and Grand Streets in the Soho section of Manhattan, New York.

Salient Facts

Number of Hotel Rooms	264	**Zoning**	M1-5B
Renovation Budget	~$20 million	**Flood Hazard Zone**	Zone X
Block/Lot	Block 233, Lot 2	**Meeting Space**	Yes
Site Area	14,470 square feet	**Retail Space**	No
Hotel GBA	121,165 SF	**Date of Inspection**	January 18, 2023
GBA Above Grade	121,165 SF	**Exposure Time**	Within one year
Year Built	2011	**Marketing Time**	Within one year

Financial Indicators

Financial Indicators	Total	Per Key
Projected Occupancy Year 1	85%	
Stabilized Occupancy Year 3	90%	
Projected ADR Year 1	$335	
Stabilized ADR Year 3	$400	
Projected NOI Year 1	$6,392,642	$24,215
Stabilized NOI Year 3	$12,501,598	$47,355
Implied Cap Rate Year 1	3.24%	
Implied Cap Rate Year 3	6.35%	
Terminal Cap Rate	5.75%	
Discount Rate	7.25%	
Income Capitalization Approach As Is	$197,000,000	$746,212
Sales Comparison Approach As Is	$198,000,000	$750,000

Final Value Conclusion

Value	Interest Appraised	Date of Value	Conclusion
As Is Fair Value	Fee Simple	December 31, 2022	$197,000,000

Allocation of As Is Fair Value

Value Attributable to Real Property	$193,800,000	98%
Value Attibutable to FF&E	$3,200,000	2%
Value Attributable to Business/Intangibles	$0	0%
Total Assets of the Business	**$197,000,000**	**100%**

The value conclusions are subject to the following **Extraordinary Assumptions**[3] that may affect the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

•Ownership is planning to embark on a renovation plan in 2023/2024, which includes renovating the restaurant and lobby, installing new F&B outlets, and refreshing guest rooms at a total budget of $20 million. Any significant change to the plan, timing or budget might impact the values herein.

If the extraordinary assumptions employed in this appraisal are proved to be false, the values reported herein may be materially impacted.

The value conclusions are based on the following **Hypothetical Conditions**[4] that may affect the assignment results.

•None.

The opinion of value expressed herein is subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

[3] *The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.*

[4] *The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.*

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Introduction

Purpose & Date of Value Opinion

The purpose of the appraisal is to provide an estimate of the "as is" fair value of the subject property's fee simple interest as of December 31, 2022, in accordance with IFRS 13.

Identification of the Client

Sapir Corp. (the "Company") has engaged us and is our client for this assignment.

Intended Use and User

The type and definition of value sought in the appraisal of the subject was an "as is" Fair Value opinion for the Fee simple interest in the property as of December 31, 2022, subject to the general underlying assumptions and limiting conditions cited herein, and in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement). According to the International Financial Reporting Standard 13, Fair Value is defined as: "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

This appraisal is to be used to aid the Company in the preparation of the prospectus and/or financial statements to be published in Tel Aviv Stock Exchange in 2023. We confirm that we have given our full consent to the inclusion of the valuation in its entirety within the Company Prospectus to be published in the Tel Aviv Stock Exchange in 2023 and any Draft Prospectus to be published or disclosed to the Israeli Security Authority.

Property Rights Appraised[5]

For our analysis of the subject property as transient hotel, the property interest being appraised is the fee simple interest.

Property History

The land was purchased in 2005 and the hotel was constructed between 2007 and 2011. The hotel opened in February 2011 as part of Morgans Hotel Group. 9 Crosby LLC, an entity composed of Rotem Rosen and Alex Sapir, in partnership with Buddha Bar founder/owner Gerard Guez, acquired the subject from a financial institution that foreclosed on the property on March 6, 2015 for $200M (per the deed). The contract was signed in June 2014.

When the current ownership took control of the hotel and its management, any existing clientele information was unavailable, and no reservations or events were scheduled. As a result, the hotel suffered decreased occupancy and ADR throughout 2015 and early 2016. A new management team took over the property in May 2016 and made vast improvements to the asset. Significant changes include renovations to the lobby, restaurant, and common areas, adding a key (a PH unit) which was completed during 2017, reopening the nightclub in late 2017, and adding an amenity fee which raised the revenue significantly, while cutting significant expenses. The new PH unit has luxurious high-end finishes and significant outdoor space and can also function as a private event space and room. The addition of the amenity fee (started at $25 per room per night, increased to $35 in November 2018 and is now at $40 per room per night), which has no associated expenses, has increased the hotel's Other Income. Ownership reported Other Income of $2.0 million in 2018 and $2.9 million in 2019.

[5] *The definitions of the various interests appraised can be found in the Glossary of Terms, which is located in the Addenda.*

In mid-2017, a new Revenue Manager was hired, and the hotel saw a downward trend in ADR. Ownership replaced the management company in September 2018 with Highgate, a premier hospitality management company. Highgate has made various improvements in the hotel's operations, including increasing occupancy and developing additional business from its association with Preferred Hotels & Resorts.

As stated in our previous reports, there is new furniture in the lobby, the PH unit has been staged and ownership is marketing it at $2,000 per night, and the lobby coffee bar has been activated. Ownership has refreshed 16 guest rooms, and reopened the nightclub, Nina's, off the lobby, previously known as Mr. H, for private events generating $2,000 to $3,000 per event. Ownership has spent approximately $700,000 over the first half of 2022. Additionally, Highgate has replaced leadership and filled in key positions. Ownership entered an agreement with LDV Hospitality, a reputable F&B operator to manage all of the hotel's F&B operations in which ownership will receive a percentage of the gross revenues as well as a participation in the Net Income.

Ownership is planning a renovation estimated at $20 million. The renovation plan includes the addition of revenue generating F&B outlets, moving the lobby to the ground level as well as refreshing all of the guest rooms, including all furniture and finishes throughout. Ownership reports that they are making progress on their application process with the DOB. To date, they completed schematic designs for both the public spaces and the rooms and have a mockup room. The full application is expected to be sent to DOB during January / February 2023. The renovation plan is to begin in Q2 2023 with the public spaces and some guest rooms with the goal of the least disruption to hotel operations.

We previously appraised the subject for the following fair value:

Date	Value
December 31, 2022	$197,000,000
June 30, 2022	$197,000,000
December 31, 2021	$196,000,000
September 30, 2021	$195,100,000
June 30, 2021	$195,100,000
December 31, 2020	$194,500,000
September 30, 2020	$197,900,000

Our opinion of the fair value as of December 31, 2022 is $197,000,000, which is in line with our previous value. Our projections consider the significant improvement in performance through year-end 2022, the new agreement with a reputable F&B operator to manage all of the hotel's F&B operations beginning in 2023, as well as the planned renovation resulting in increased occupancy and ADR. We also note that the subject's ICIP abatement expired during the 2020/21 tax year as well as expected increased expenses.

Definition of Fair Value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). That definition of fair value emphasis that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value. The IFRS explains that a fair value measurement requires an entity to determine the following:

(a) the particular asset or liability being measured;

(b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis;

(c) the market in which an orderly transaction would take place for the asset or liability; and

(d) the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximise the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

Exposure Time[6]

It is our opinion that a normal exposure time for the subject property is between 6 months and 12 months. This conclusion is predicated on interviews with local brokers and other real estate industry sources, on information obtained in the verification process of recent sale transactions for similar properties, and our analysis of supply and demand forces in the local market. The value reported herein presumes such an exposure time.

Marketing Time

It is our opinion that a normal marketing time for the subject property is between 6 months and 12 months. This conclusion considers the property's relative market position, as well as our market value conclusion. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing time for the subject is likely to be the same as the exposure time.

General Assumptions

Various estimates of gross building area, number of guest rooms, and common areas were furnished by the owner, client, and/or their agents. This opinion of value reported herein assumes that the data provided are the most recent and accurate.

We note that our appraisers are not experts in the following domains:

- Technical Environmental Inspections: No Environmental Site Assessment report was provided in conjunction with this appraisal. If a report is commissioned and there are any environmental issues uncovered, they could affect our opinion of value reported. We recommend the services of a professional engineer for this purpose.
- Zoning Ordinances: We recommend an appropriately qualified land use attorney if a definitive determination of compliance is required.
- Building Inspections: We recommend a building engineer or professional property inspector for the inspection. Any immediate expenditures that a trained professional may determine are needed, could affect our opinion of value reported.
- Easements, Encroachments, and Restrictions: We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist, however, is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or Title Company can usually uncover such restrictive covenants. Thus, we recommend a title search to determine if any such restrictions do exist.

Scope of the Appraisal

Within the course of this assignment, we have:

- Researched and investigated the subject's location in terms of its economic activity, development patterns, and future trends and related their impact on the subject market.

[6] *The definition of Exposure Time can be found in the Glossary of Terms, which is located in the Addenda.*

- Analyzed the subject's zoning, physical characteristics and specific location to determine the Highest and Best Use of the site.
- Inspected the property.
- Analyzed the state of the New York City hospitality industry to forecast occupancy and room rates based on the subject's position and neighborhood market conditions. Additional consideration was given to present supply and demand factors and current occupancy ratios in the subject area.
- Analyzed the subject's historical operating statements.
- Researched the comparable hotel market to determine an ADR and occupancy rate for the subject.
- Analyzed comparable hotel expenses to project a cash flow for the hotel portion.
- Projected 10-year cash flow for the subject hotel and applied a market derived discount rate and a terminal capitalization rate to develop an opinion of value by the income approach.
- Researched comparable hotel sales to determine a value via the Sales Comparison Approach.
- Reconciled the values to conclude to an as is fair value as of December 31, 2022.

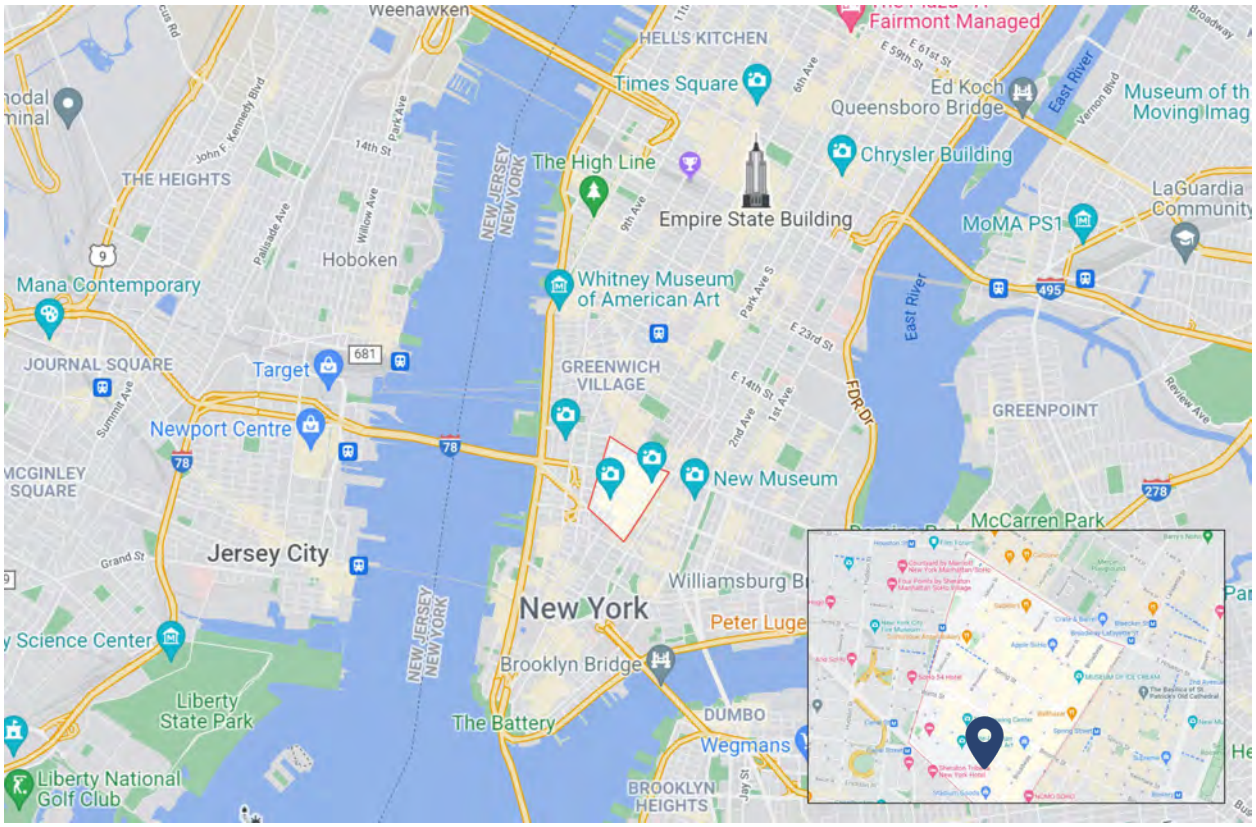
Data Sources

The data contained within this appraisal was compiled from market analysis utilizing the following sources (unless otherwise noted): the tax Assessor, Environics Analytics, CoStar, Federal Reserve, and FEMA. The subject photos were taken by Maren Lewis on January 18, 2023, while those used for the comparable sales were sourced from the public domain. When possible, we have confirmed the reported data with parties to the transactions or those who are intimately familiar with their critical details.

Sources of Data

Site Data	Source/Verification:
Site Size	Public Record
Excess/ Surplus Land	Tax Map
Gross Size/ Units	Owner
Hotel SF	Public Record
Number of Buildings	Inspection
Amenities	Inspection
Deferred Maintenance	Inspection
Income Data	Owner; Market Forecast
Expense Data	Owner; Expense Comparables

Neighborhood & Demographic Overview



Source: Google Maps

SoHo at a Glance

SoHo is a neighborhood in Lower Manhattan in New York City. Soho was originally developed as an industrial area and, as such, is characterized by multi-story loft-type buildings. The area has become one of the most desirable residential communities in the city because of its architecture, spacious loft apartments, high-quality restaurants, art galleries, access to retail, transit, and more. SoHo's distinct cast-iron architecture sprouted from the factory boom of the 19th century. These former industrial areas had declined severely for most of the 20th century until artists began to move into many small, older industrial buildings in the 1960's in search of inexpensive studios and housing. As the area became more popular, it seen a large amount of construction and change.

Land Use and Zoning

SoHo and NoHo are dynamic mixed-use neighborhoods with a diverse blend of residential, office, creative and retail spaces. SoHo is in NYC community district 102, outlined in the map below.

Zoning: Manhattan Community District 2



Source: NYC Zola

The City Council adopted the SoHo/NoHo Neighborhood Plan on December 15, 2021. The SoHo/NoHo Neighborhood Plan will, for the first time, permit housing and require affordable housing in all new developments, allowing as many as 3,500 new homes to be created, approximately 900 of which would be permanently affordable via the City's Mandatory Inclusionary Housing (MIH) program. In addition to new homes created on vacant and underutilized land, conversion of existing non-residential space to residential with a MIH requirement will create a more diverse, mixed-income neighborhood. Existing rent-regulated homes, many covered by the Loft Law, will remain protected under State tenant protections and supported by a wide range of City resources.

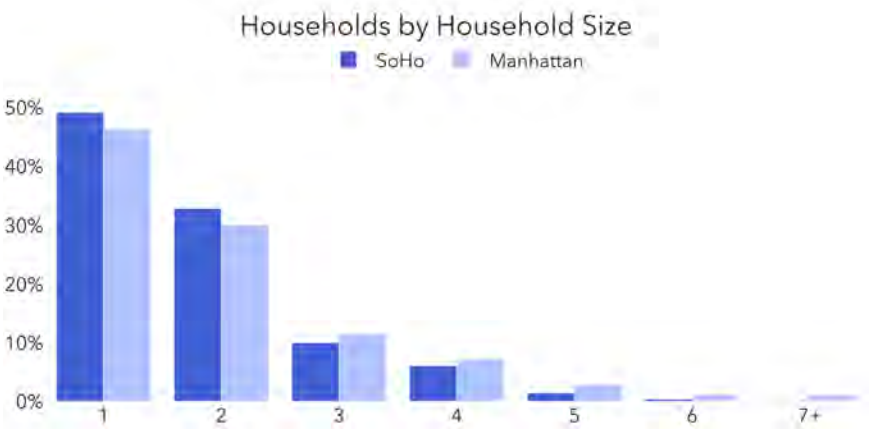
Population

The following demographic profile, created with data from the U.S. Census Bureau, reflects the subject's municipality and market.

Population Growth

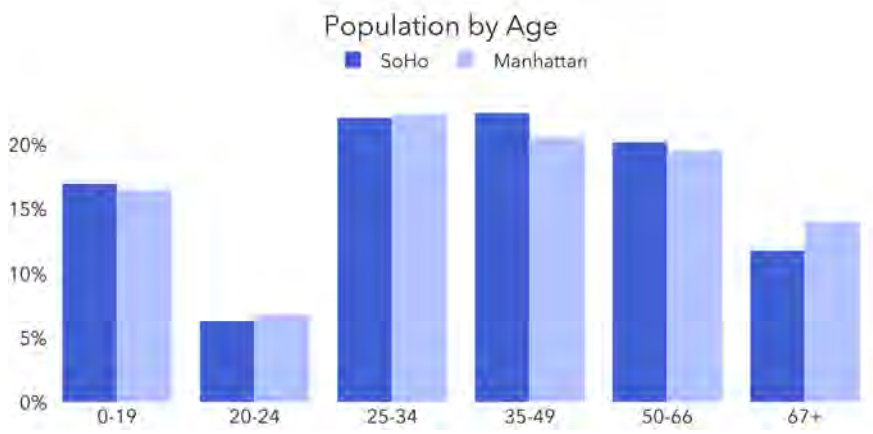
	Area	2010 Census	Current Estimate	Annualized % Change
Population	SoHo	18,078	17,880	-0.1%
	Manhattan	1,585,873	1,694,251	0.8%

Households in SoHo tend to be smaller than those in Manhattan. Households in SoHo have an average size of 1.2 people, compared to 2.0 people in Manhattan. 1 person households account for the largest share in both SoHo and Manhattan.



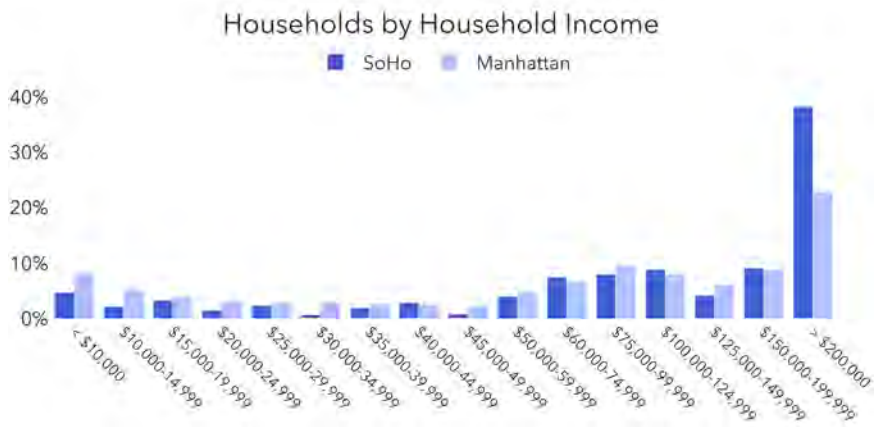
Source: U.S. Census Bureau

The median age of SoHo residents is older than in Manhattan. Residents of SoHo have a median age of 38.2, compared to 37.5 in Manhattan. In SoHo, those between 35 and 49 years account for the largest cohort, compared to Manhattan where young professionals accounts for the largest cohort.



Source: U.S. Census Bureau

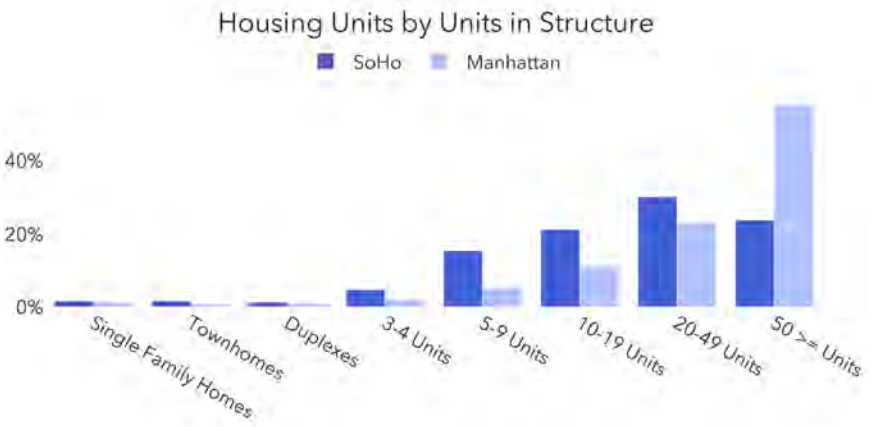
Households in SoHo have a higher median income than those in Manhattan. Households in SoHo have a median income of $148,814, compared to $86,553 for households in Manhattan. The chart below indicates the share of households by income brackets. In both SoHo and Manhattan, the largest share of households have a household income of $200k or higher.



Source: U.S. Census Bureau

Housing

Housing is one of the most identifiable characteristics of an area. Different factors, such as property type, renter/owner mix, housing age, and household characteristics play roles in how an area is defined. In SoHo, housing consists primarily of larger multifamily loft style buildings.

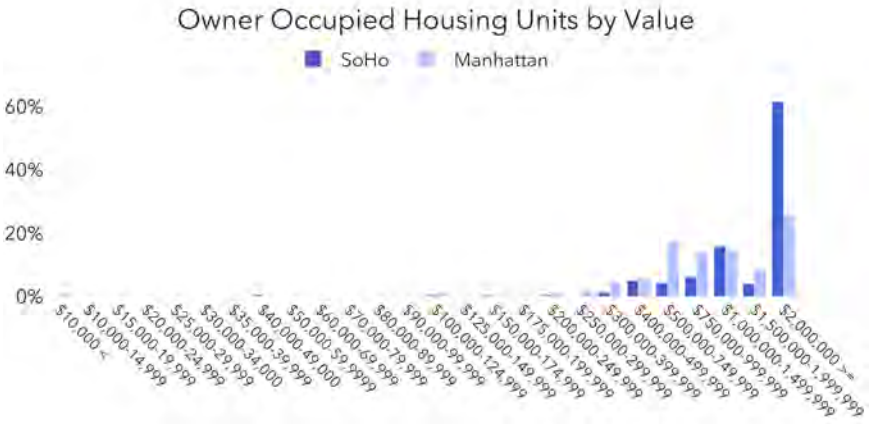


Source: U.S. Census Bureau



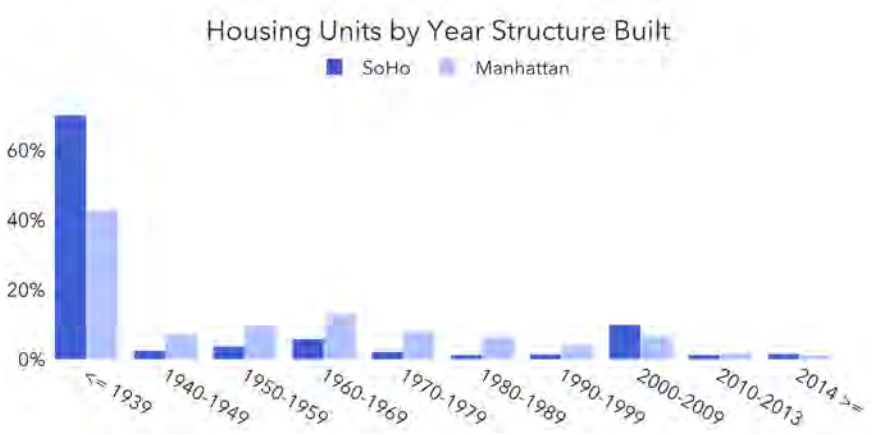
Source: U.S. Census Bureau

Homes in SoHo have a median value of $1,646,241, compared to $987,700 for Manhattan. In SoHo, the largest share of homes have a value over $2 million, compared to over $2 million for Manhattan.



Source: U.S. Census Bureau

Homes in SoHo have a median year built of 1982, compared to 1950 for Manhattan. In SoHo, the largest share of homes were built in or before 1939, compared to in or before 1939 for Manhattan.



Source: U.S. Census Bureau

Community Assets

SoHo is one of Manhattan's premier retail submarkets. As SoHo transformed during the 1990s and early 2000s from a submarket known as an artists' community with architecturally significant buildings to an affluent residential submarket with high-end retail boutiques, West Broadway was positioned as the most exclusive commercial corridor in the neighborhood. As SoHo's popularity continued to grow as a residential submarket and high-end shopping district, high-profile retailers seeking increased exposure and big-box type retail spaces began to lease units along the Broadway corridor. Retailers attracted to the Broadway corridor in SoHo are comprised of both high-end retailers and national retailers; however, as is the case in many neighborhoods and primary retail corridors, the changing shift in retail has put a strain on retailers in the neighborhood.

Community Assets

For restaurants and other eating locations, SoHo offers some of the best dining in the city. From QSR to fancy sit down dinners, to diners, and street stands, Soho has plenty of food options.

For healthcare needs, residents of the community and region have access to a number of medical facilities including Lenox Health Greenwich Village, NewYork-Presbyterian Lower Manhattan Hospital, New York Eye and Ear Infirmary of Mount Sinai, Gouverneur Health Medical Center, Mount Sinai Beth Israel, and more.

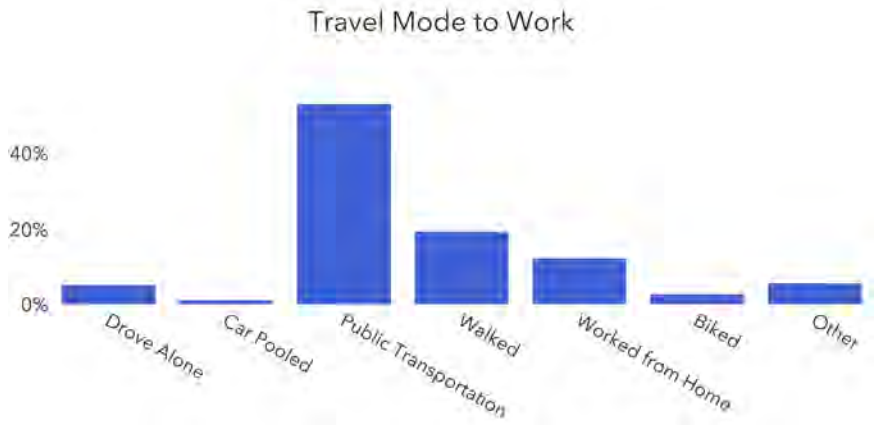
SoHo has access to outdoor recreational activities with several public parks within. Within and nearby there is Washington Square Park, playgrounds, sports courts, and dog parks.

Transportation

The time it takes to commute to work from SoHo varies considerably. Commuters in SoHo have a median commute time of about 22 minutes. In SoHo, the largest share of commuters have a commute between 20-24 minutes, compared to 30-34 minutes for Manhattan. In SoHo, the most common method for traveling to work is public transportation with 53% of commuters using it. The second most popular method is walking with 19% of commuters using it.



Source: U.S. Census Bureau



Source: U.S. Census Bureau

Transportation Methods

Walk Score: 100 (Walker's Paradise)

Major roadways include West Houston Street, which is at the northern border of SoHo and West Broadway, which runs north to south through the neighborhood.

SoHo can be reached by the New York City Subway, using the A, C, and E trains to Spring Street; 1 and 2 trains to Houston Street; the N, Q, R, and W trains to Prince Street; and the 4, 6 trains to Spring Street.

SoHo is served by the MTA. The crosstown M21 on Houston Street and the north-south M1, M55 bus routes serve the neighborhood.

The nearest major airports are LaGuardia Airport (10.4 mi.), John F. Kennedy International Airport (16.5 mi.), and Newark Liberty International Airport (11.6 mi).

Conclusion

The subject is well located in one of New York's most desirable neighborhoods, with good access to public transportation, shopping, dining, and local employment centers. SoHo attracts residents, shoppers and businesses alike. The area is conveniently located to linkages serving the employment districts of Manhattan as well as many local cultural attractions. While the area has seen limited population growth due to zoning regulations, the recent approval of the SoHo/NoHo Neighborhood Plan will spur development and growth.

Zoning Summary

The subject property is located in an M1-5B – Light Manufacturing District, as designated by the City of New York.

According to the *Zoning Handbook*, M1 districts are subject to strict performance standards. The uses common to these districts are light industries including knitting mills, research laboratories, and wholesale service facilities. In theory, nearly all industrial uses can locate in M1 areas if they can meet the rigorous performance standards required in the Zoning Resolution. The M1 district is often an industrial front yard or a buffer to adjacent residential or commercial districts.

Residential development is not permitted in M1 districts. Certain community facilities are allowed by special permit. Parking and loading requirements vary with district and use. High density M1 districts are exempt from parking requirements; however, accessory parking is required in the M1-1 district.

M1-5 districts are mapped in loft areas located in central business districts of Manhattan. The M1-5A and M1-5B districts permit artists to have joint living-work quarters in lofts of the SoHo/NoHo area of Lower Manhattan.

Summary of Performance Regulations

Maximum Floor Area Ratio	Manufacturing or Commercial: 5.0
	Community Facility: 6.5
Minimum Side Yard Setback:	8 feet
Minimum Rear Yard Setback:	20 feet
Initial Setback:	20 feet (narrow street)
	15 feet (wide street)
Maximum Height:	85 feet, or 6 stories

Summary of Use Regulations

Category	**Permitted Uses**
Use Group 4	Churches, medical offices.
Use Groups 5-14	The full range of retail, commercial, and recreational uses except for amusement parks.
Use Groups 16 & 17	Light manufacturing uses.

Summary of Zoning

The subject lot size is 14,470 square feet and the as of right FAR is 5.0, yielding a buildable area of 72,350 square feet. The subject contains a gross building area of 121,165 square feet. As the subject was completed in 2011, we will assume the development plans were approved and the subject conforms to the regulations.

It should be noted that we are not experts in the interpretation of complex zoning ordinances. The determination of compliance, however, is beyond the scope of a real estate appraisal. We know of no deed restrictions, private or public, that further limit the subject's use. The research required to determine whether or not such restrictions exist, however, is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter, and only a title examination by an attorney or Title Company can usually uncover such restrictive covenants. Thus, we recommend a title search to determine if any such restrictions do exist.

Assessed Value & Real Estate Taxes



Current Tax Liability

The subject property is designated on the tax maps of the City of New York, Borough of New York, as Block 233, Lot 2. The property is tax Class 4. The lower of the Actual or the Transitional Assessed Value is applied. We present the last four years of assessments as there have been many changes including the ICIP tax benefit expiring during the 2020/21 tax year, a significant drop in the 2021/22 assessment, and the subsequent increase in the 2022/23 and 2023/24 assessments. We have applied the appropriate tax rate to each of the assessed values of the property to determine the tax liability.

	2020/2021		2021/2022		2022/2023		2023/2024	
	Actual	Transitional	Actual	Transitional	Actual	Transitional	Actual	Transitional
Land	$9,767,250	$9,767,250	$9,767,250	$9,767,250	$9,767,250	$9,767,250	$9,767,250	$9,767,250
+ Building	+ 27,497,250	+ 27,484,770	+ 13,180,050	+ 24,078,270	+ 15,618,150	+ 20,578,050	+ 19,481,400	+ 19,167,780
Total	$37,264,500	$37,252,020	$22,947,300	$33,845,520	$25,385,400	$30,345,300	$29,248,650	$28,935,030
Less ICAP Exemption	-$3,833,085	-$3,833,085						
AV	$33,431,415	$33,418,935	$22,947,300	$33,845,520	$25,385,400	$30,345,300	$29,248,650	$28,935,030
AV / Room	$126,634	$126,587	$86,922	$128,203	$96,157	$114,944	$110,790	$109,602
Taxable AV	$37,252,020		$22,947,300		$25,385,400		$28,935,030	
Tax Rate	10.694%		10.694%		10.755%		10.646%	
Tax Liability (Unabated)	$3,983,731		$2,453,984		$2,730,200		$3,080,423	
Tax Liability / Rm	$15,090		$9,295		$10,342		$11,668	
Tax Liability / SF	$32.88		$20.25		$22.53		$25.42	

Given the tax year begins in July, we will apply half of the 2022/2023 tax liability and half of the 2023/24 tax liability of $2,905,312 in Year 1. In Year 2, we assume the 2023/2024 tax liability grows by 3% after 6 months and apply a tax liability of $3,126,630. This is summarized below:

Applied Tax in DCF

Applied Tax Year 1	Tax Liability		%		Applied
Tax Year 2022/23	$2,730,200	x	50%	=	$1,365,100
Tax Year 2023/24	$3,080,423	x	50%	=	$1,540,212
Tax Applied Year 1					$2,905,312

Applied Tax Year 2	Tax Liability		%		Growth		Applied
Tax Year 2023/24	$3,080,423	x	50%	x	1.00	=	$1,540,212
Tax Year 2024/25	$3,080,423	x	50%	x	1.03	=	$1,586,418
Tax Applied Year 2							$3,126,630

Comparable Tax Liability

In order to support the current real estate tax liability, we surveyed those of comparable hotels in the area based on the 2023/24 assessed values. We have included all of the hotels in the subject's STR competitive set.

Hotel Tax Comparables

Address	Year Built*	Square Feet*	Rooms**	2023/24 AV	AV / SF	AV / Room	Taxes/ SF	Taxes/ Room
SoHo Grand - 310 West Broadway	1996	189,986	347	$49,981,100	$263	$144,038	$28.29	$15,491
Sixty SoHo Hotel - 60 Thompson Street	1999	56,000	97	$12,898,350	$230	$132,973	$24.77	$14,301
The Roxy Hotel - 2 Avenue of the Americas	1999	133,895	201	$19,421,550	$145	$96,625	$15.60	$10,392
The Standard - 25 Cooper Square	2006	91,948	144	$16,690,500	$182	$115,906	$19.52	$12,466
Hotel Hugo - 525 Greenwich Street	2012	59,720	122	$10,897,200	$182	$89,321	$19.62	$9,607
		Min:			$145	$89,321	$15.60	$9,607
		Max:			$263	$144,038	$28.29	$15,491
		Average:			$200	$115,773	$21.56	$12,451

**Per public record; Per STR data*

The assessed value of the comparables range from $145 to $263 per square foot and averaged $200 per square foot while the tax liability ranged from $15.60 to $28.29 per square foot and averaged $21.56 per square foot. On a per room basis, the tax liability of the comparables ranged from $9,607 to $15,491 per key with an average of $12,451 per key. The subject's 2023/24 assessment of $109,602 per key and tax liability of $11,668 per key are within the comparable range and appear reasonable. We consider a bump in the assessed value is likely post renovation, as this will drive revenues above pre-COVID levels. Thus, we will increase the taxes by 6.5% in Years 3 and 4 and 3% thereafter.

Site Description

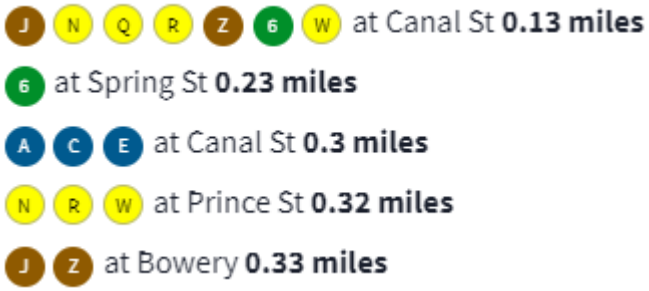


Location

The subject is located on the west side of Lafayette Street through to the east side of Crosby Street between Howard and Grand Streets in the Soho section of Manhattan, New York. The subject's location is mixed in character, consisting primarily of walk-up apartment and commercial loft buildings with retail at grade. Over the past several years, a number of newer mixed-use developments have been constructed within the neighborhood.

The subject's immediate area has more than ample retail and services to meet the needs of neighborhood residents. There is an abundance of neighborhood-oriented retailers including nail and hair salons, delis and cleaners, as well as clothing stores, furniture stores, and other retailers catering to a larger population. Within SoHo, there are multiple well-known shopping thoroughfares, which are shopping destinations for both local residents and visitors. There are also ground floor retail stores that service the surrounding residential community and attract customers from all over the metropolitan area.

Access to public transportation from the subject's location is considered very good. North-south buses run along Avenues, with crosstown bus routes as well. Subway service is provided by a major station at Canal Street, which includes the J, N, Q, R, Z, 6 and W lines. The A, C and E lines are also close. The neighborhood is also located close to the Williamsburg, Brooklyn and Manhattan bridges, with access to the Holland Tunnel located across the area to the west. The FDR Drive and West Side Highway are nearby automobile access routes. The following subway lines are easily accessible from the subject:



In summary, the subject is in a densely populated mixed-use area that has experienced significant improvement and revitalization over the past several years. Over the long term, SoHo is expected to exhibit continuing rehabilitation and property value improvement based on its popularity.

Site Area	14,470± Square Feet
Shape	Irregular, L shaped
Frontage	Crosby Street (50.170 feet) and Lafayette Street (100.520 feet)
Topography	Generally level at street grade.
Drainage	Adequate
Paving	All roads are paved with asphalt in accordance with New York City standards. All roads appeared to be in satisfactory condition.
Street Drainage	Street drainage is collected with the utilization of recessed catch basins. The catch basins empty by gravity into the New York City sewer storm system mains.
Street Lighting	Street lighting consists of standard lighting fixtures which are 400-watt, sodium vapor fixtures and controlled by photocells. The lighting fixtures are post mounted as per New York City requirements.
Utilities + Services	
Water Supply	Water is supplied by the municipality and connected through one 4-inch metered domestic service and 1 6-inch fire protection service.
Gas Service	Consolidated Edison Company
Telephone	Provided by Verizon or similar carriers.

Electrical	Consolidated Edison Company (208-volt service to main building)
Refuse, Fire Protection, Police	City of New York

Hazardous Substances

We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the services of a professional engineer for this purpose.

Flood Hazard Status

The subject property is located in "Zone X" on the National Flood Insurance Program Rate Map, Community Panel #3604970182F. Zone X is an area of minimal flooding.

Conclusion

The subject site is similar to other lots located in the immediate subject vicinity. The site conforms to neighboring standards in most respects and there are no negative external factors affecting the site. Based upon the current use of the site, all aspects of the site are functionally adequate.

Description of Improvements

Building Description

The subject is a 26-story, 264-key hotel completed in 2011. The subject contains a gross building area of 121,165 square feet. In addition to hotel rooms, the subject contains a 5,000 SF restaurant known as Nomo Kitchen, which is located in a greenhouse space, a lobby bar, nightclub space located off the lobby, a meeting room on the second floor, and a meeting room/private dining room located in the lobby. The gallery and terrace offer 2,500 SF of meeting space.

Ownership is planning a renovation estimated at $20 million. The renovation plan includes the addition of revenue generating F&B outlets, moving the lobby to the ground level as well as refreshing all of the guest rooms, including all furniture and finishes throughout. Ownership reports that they are making progress on their application process with the DOB. To date, they completed schematic designs for both the public spaces and the rooms and have a mockup room. The full application is expected to be sent to DOB during January / February 2023. The renovation plan is to begin in Q2 2023 with the public spaces and some guest rooms with the goal of the least disruption to hotel operations.

Building Inspection

On January 18, 2023, Maren Lewis conducted an interior and exterior inspection of the subject property. The inspection included a tour of the building facade, exterior entrance, interior hallways, a selection of guest rooms, meeting room, fitness center, restaurant, kitchen, club, common areas, and stairs. We were able to inspect the stairs and they are in good condition. We were not able to inspect the roof. Moreover, we did not observe any hazardous substances on the improvements or adverse environmental or physical conditions.

The following is a summary of the construction characteristics of the subject improvements.

Structural, Utilities & Mechanicals

There are two below-grade levels. There are setbacks at the eastern and western side of the building at the lobby level. The building is accessed from Crosby Street via a landscaped courtyard where a greenhouse type of structure (garden building) was built. This garden building houses the full-service restaurant, "Nomo Kitchen". The hotel has a lobby bar, a gym on the lower level and meeting rooms and terraces on the first floor, as well as Nina's, a nightclub space.

The following is a summary of the construction characteristics of the structural, utility, and mechanical improvements.

Structural

Foundation	The building was built over an older 12-story steel-framed building, which was partially demolished and reinforced.
Structural System	Concrete slab on steel deck with steel beams and girders.
Exterior Walls	The building façade is comprised of glass and aluminum curtain wall.
Roof	IRMA roof. Terraces and setbacks are provided with pre-cast concrete pavers on pedestals
Entrances	Crosby and Lafayette Streets.

Windows	Aluminum thermal windows. The windows are integral with the curtain wall system. Some vision panels are operable and can swing outwards. For safety reasons, the swing of the windows is limited to 6" from the frame.

Utilities / Mechanicals

Heating/Cooling Systems	Heating and cooling are via water-sourced heat pump units in the guestrooms and the lower levels of the building. Hot water is produced by four-module gas-fired boilers and the condenser water is served by a roof-mounted cooling tower. The corridors are cooled and heated by a packaged RTU with gas-heating component.
Electric	Circuit breakers, switches, lighting fixtures and outlets. Electrical is provided by Consolidated Edison.
Elevators	There is one service gearless traction type elevator, three passenger elevators, and a hydraulic freight elevator serving the sub-cellar through the lobby level.
Stairwells	There are two stairwells throughout the building. Stairwells have concrete treads and metal railings.
Plumbing	Cast iron piping and galvanized steel.
Lighting	Lighting consists of a combination of attached incandescent and recessed fluorescent fixtures.
Sprinklers/Life Safety	Automatic wet fire sprinkler and standpipe system, and fire alarm system. There is emergency lighting and pull stations.

Layout & Finishes

Lobby	The lobby level of the hotel is on the floor (2nd floor) above the main reception area at the ground floor. Both the reception area and the lobby, which is accessed via a winding open stair and the elevators, have wood flooring, texture-painted gypsum board walls, and painted gypsum board ceilings with decorative appliqués. The lobby at the 2nd floor has access to the terraces at the eastern and western sides. The lobby will be moved to the ground floor as part of the renovation.
Restrooms	There are four toilet rooms at the ground floor, close to the reception area, and another two in the nightclub area. The toilet rooms near the reception area typically have "penny" tiles and painted gypsum board walls and ceilings. These bathrooms have been renovated.
Meeting Room	There is a meeting room on the lobby level (2nd floor). The finishes consist of carpet floors, VWC, and painted gypsum board ceiling. This meeting room has access to the setback facing Lafayette Street. The meeting room will be renovated to serve as a private room for the F&B outlets and can also continue to serve as a meeting room when not in use for those purposes.
Restaurant and Bars	The main restaurant in the hotel, Nomo Kitchen, is located on the ground floor, and includes the dining area and bar in the garden area. The nightclub, Nina's, is located on the ground floor and is accessible from the lobby. There is also a separate entrance on Lafayette Street. The nightclub is currently operating for private events only.

Kitchen

The main kitchen has quarry floor tiles, grease-resistant acrylic wall panels, and ACTs. This kitchen has commercial type equipment and all the working surfaces are of stainless-steel finish. This kitchen, which is located at the subcellar, serves the restaurants and also caters to room service.

Corridors

The finishes in the corridors consists of carpet floors, texture painted walls, and painted gypsum board ceilings.

Guest Rooms

The typical guestroom is furnished with a bed, a wall-mounted headboard, and a nightstand. Floor finishes consist of carpeting and painted gypsum board walls and ceilings. There are 17 guestroom plan types, which are tabulated below. Below we summarize the current room matrix and the proposed room matrix post renovation on the following page.

Current Room Matrix

	STANDARD			SUITE		
	King	Queen	Double	Junior King Suite	1- Bedroom Suite	Total
3	7	2	1	0	2	12
4	7	2	1	0	2	12
5	7	2	1	0	2	12
6	7	2	1	0	2	12
7	7	2	1	0	2	12
8	7	2	1	0	2	12
9	8	3	1	0	1	13
10	8	3	1	0	1	13
11	8	3	1	0	1	13
12	8	3	1	0	1	13
13	8	3	1	0	1	13
14	8	3	1	0	1	13
15	8	3	1	0	1	13
16	8	3	1	0	1	13
17	8	3	1	0	1	13
18	8	3	1	0	1	13
19	4	3	1	0	3	11
20	4	3	1	0	3	11
21	4	3	1	0	3	11
22	4	3	1	0	3	11
23	4	3	1	0	3	11
24	0	0	0	0	6	6
PH	0	0	0	0	1	1
	142	57	21	0	44	264
	54%	22%	8%	17%		

As part of the rooms renovation, some of the existing suites on the lower levels will be split into two guest rooms while some of the guestrooms on the upper floors will be converted into suites. After these changes, the guestroom count will drop from 264 rooms to 260 rooms.

Proposed Room Matrix

	STANDARD			SUITE			
	King	Queen	Double	Junior King Suite	1- Bedroom Suite	Total	Suite Conve
3	11	0	1	0	1	13	0
4	11	0	1	0	1	13	0
5	11	0	1	0	1	13	0
6	11	0	1	0	1	13	0
7	11	0	1	0	1	13	0
8	11	0	1	0	1	13	0
9	11	0	1	0	1	13	0
10	11	0	1	0	1	13	0
11	11	0	1	0	1	13	0
12	11	0	1	0	1	13	0
13	11	0	1	0	1	13	0
14	11	0	1	0	1	13	0
15	11	0	1	0	1	13	0
16	11	0	1	0	1	13	0
17	11	0	1	0	1	13	0
18	5	0	1	1	3	10	3
19	5	0	1	1	3	10	1
20	5	0	1	1	3	10	1
21	5	0	1	1	3	10	1
22	5	0	1	1	3	10	1
23	5	0	1	1	3	10	1
24	1	0	0	0	3	4	3
PH	0	0	0	0	1	1	0
	196	0	21	6	37	260	11
	75%	0%	8%	17%			

Guest Room Amenities Flat screen HDTV, iPod Docking Station, desk, 10-foot floor to ceiling windows, marble bath, Malin + Goetz bath products, luxurious bedding, private balcony in penthouse rooms. All units have been upgraded to include smart TVs.

Administrative Offices The administrative and managerial offices typically have carpet floors, painted gypsum boards walls, and painted ceilings. Some offices, such as the housekeeping and chef's office, have VCTs on the floor.

Housekeeping and Laundry The housekeeping area is located at the cellar level. This space has VCTs, painted gypsum board walls and open ceiling. As only light washing and drying is conducted in the premises, only a small washer and dryer are provided in the housekeeping area. Most of the laundry is performed by a service vendor.

Parking None

Stairwells This building tower has scissor type stairs

Landscaping Landscaping is provided on the courtyards facing Crosby Street. Specimen trees are planted on the open grade and a metal fence with arched openings and vines is provided along the north side. A trellis system, also covered with vines, is provided over the concrete walkway leading to the main entrance. There is an automatic irrigation system.

Loading Dock The loading area is located near the northeastern corner of the ground floor of the building. This loading area, which is recessed from the exterior wall of the building, is accessed from the sidewalk along Lafayette Street. The loading area has concrete floor, painted gypsum board walls and open ceiling.

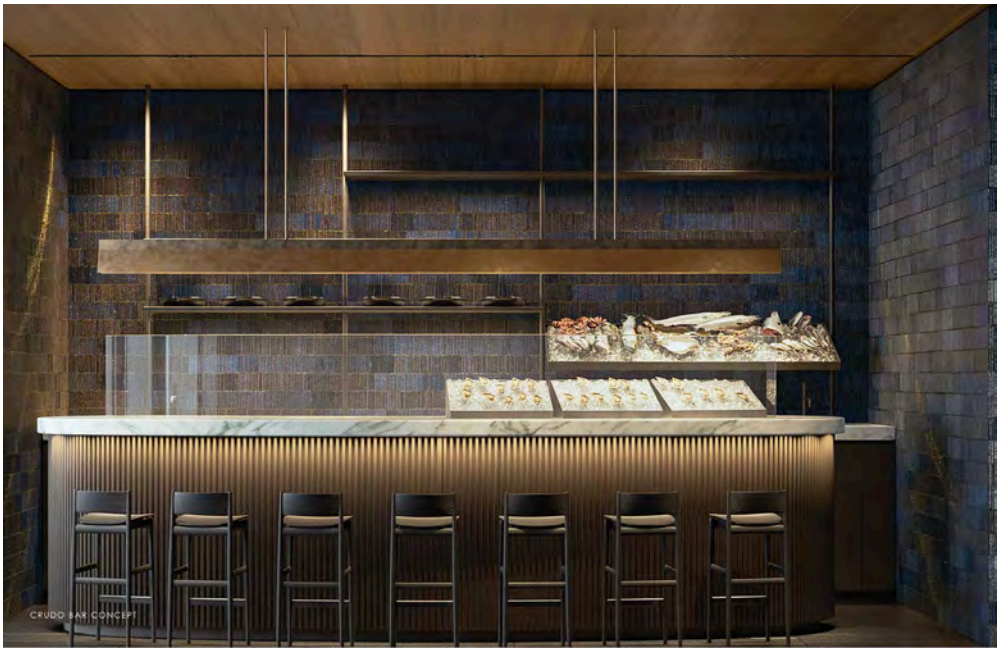
Renderings

The following renderings were provided by ownership.

Reception Area



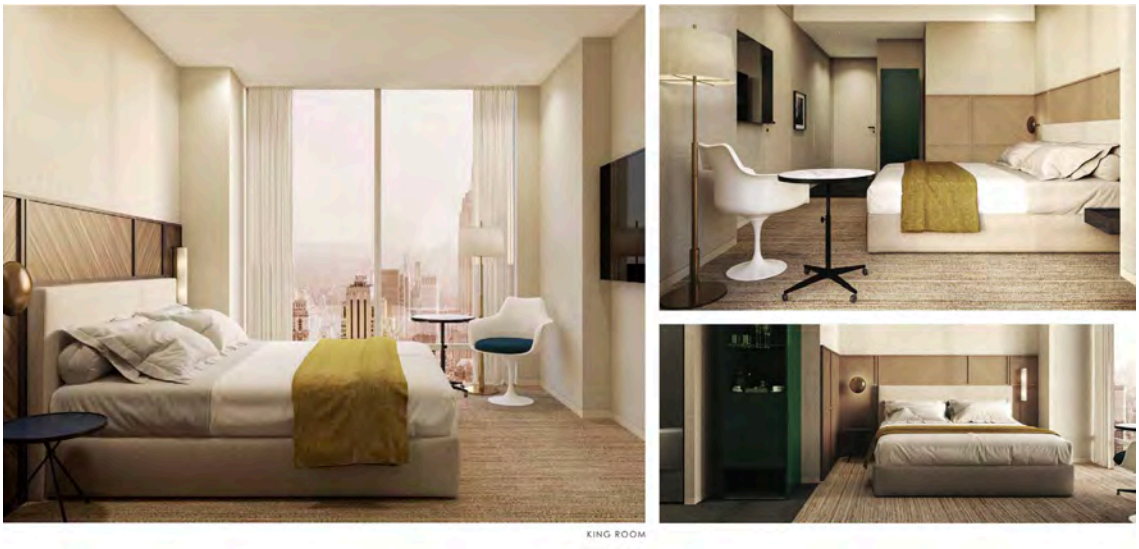
Bar



Bar



Guestroom Design



Condition, Deferred Maintenance & Remaining Economic Life

Condition

The subject was completed in 2011 and is in excellent condition with no observed deferred maintenance or functional obsolescence.

Remaining Economic Life

The effective age is 9 years and the remaining economic life is 51 years.

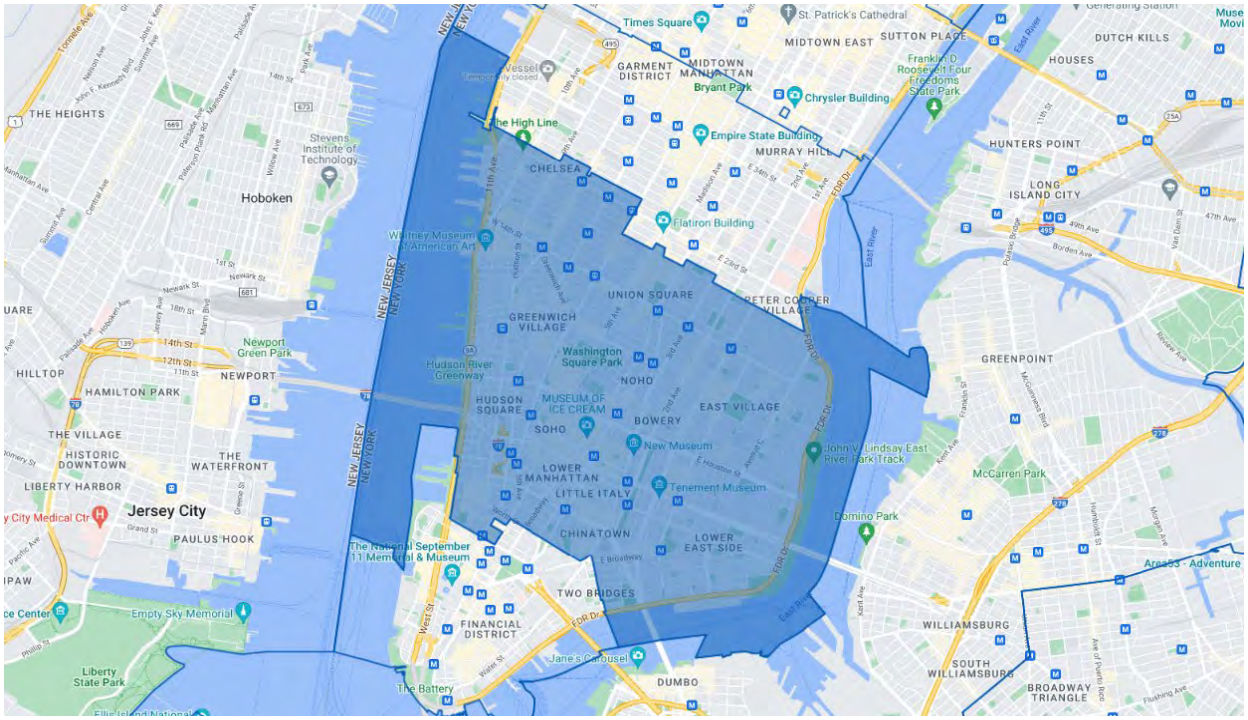
Summary

The improvements as is and post renovation will satisfy the requirements for boutique hotel use. The information contained in the sections entitled "Site Description" and "Description of Improvements" was obtained from the following sources:

- Formal field inspection, January 18, 2023.
- Information provided by ownership.
- New York City planning, zoning, and assessment record

Village – SoHo – TriBeCa Hospitality Analysis

This report was compiled using data from CoStar, which recently acquired STR. Monthly data is provided through September 2022.



Overview

Village/Soho/Tribeca is a large submarket and contains around 12,000 rooms spread over 95 properties. Like the market, Village/Soho/Tribeca is characterized by larger hotels. This aspect isn't quite as pronounced in the Village/Soho/Tribeca submarket, where hotels have 125 rooms per building on average, versus the 172 room-per-building average in the New York market. The national norm registers at around 90 rooms per building. The Village/Soho/Tribeca submarket is characterized by high-end hotels. Over half of the rooms are Luxury or Upper Upscale, a proportion found in less than 5% of U.S. submarkets. There is little in the way of cost-efficient lodging: The Economy and Midscale inventory is limited to about 1,200 rooms. Likewise, the New York market as a whole has a larger proportion of high-end lodging than the typical U.S. market.

The U.S. hospitality sector endured an unprecedented shock at the onset of the COVID-19 pandemic, and occupancies in the Village/Soho/Tribeca submarket itself bottomed out at 26.1% in April 2020. But with the low-point of the pandemic now in the rearview mirror, conditions are improving.

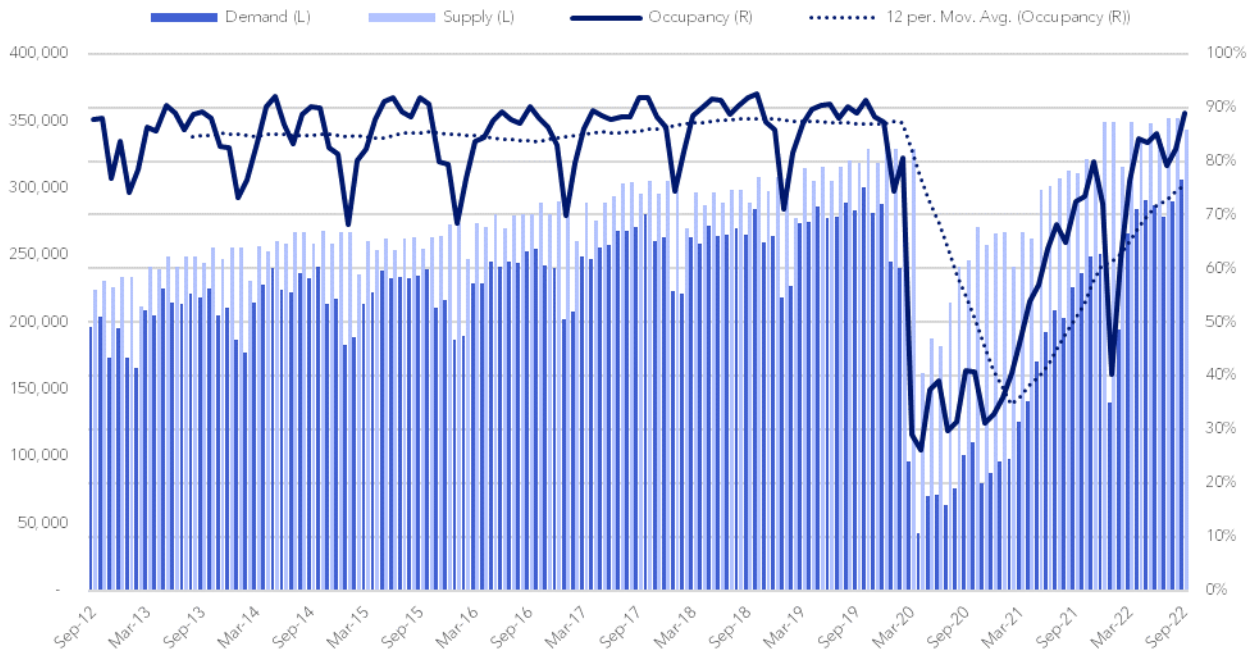
Sector Fundamentals

	New York - NY	**YoY**	**QoQ**	**Village/Soho/** Tribeca	**YoY**	**QoQ**
Inventory	128,606	3.2%	0.6%	11,381	9.2%	0.9%
Occupancy	69.4%	31.4%	2.9%	76.3%	22.9%	4.7%
ADR	$217.12	43.6%	19.7%	$268.56	39.2%	14.1%
RevPAR	$150.70	88.6%	23.3%	$204.91	71.1%	19.4%
Cap Rate	8.34%	4.0%	0.7%	8.09%	3.1%	0.6%
Sale Price/Key*	$225,465	-3.6%	0.6%	$274,474	-2.7%	0.8%

**Many transactions were significantly below prior trades of the same assets as they represent distressed sales. The discount to previous trades range between 25% and 65%. As the market continues its strong recovery, transaction values are expected to increase. We also note that NoMo's 2022 occupancy of 79.0% and ADR of $314.41 were stronger than both the market and submarket average presented above.*

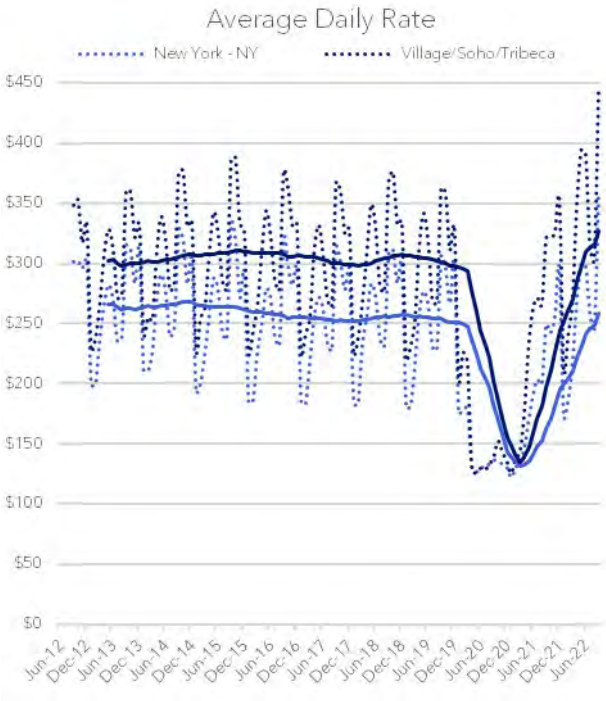
Supply & Demand

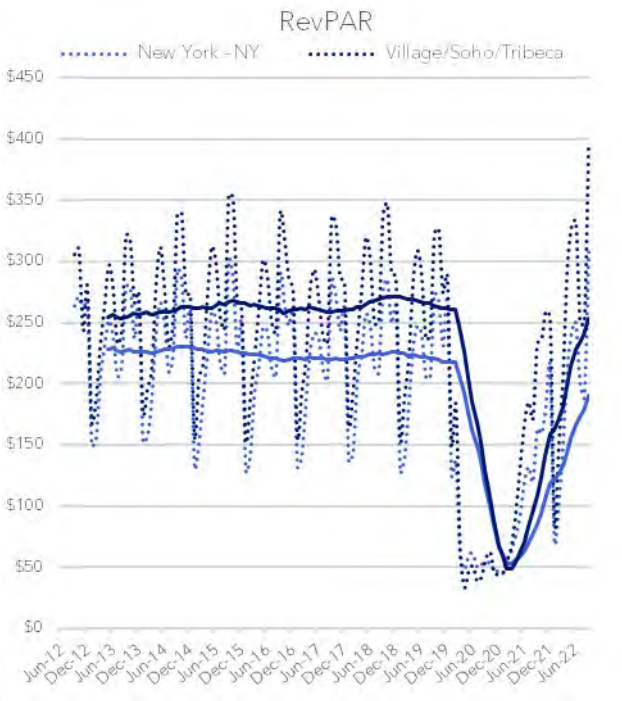
Occupancy reached 76.3% in the month of September; a considerable 23% increase compared to the same month the prior year. Despite concerns over slowing economic growth over the past quarter, occupancy is up 4.7% in the past quarter.



Average Daily Rates and Revenue Per Available Room

As of September, twelve-month average RevPAR in the Village/Soho/Tribeca hotel submarket was climbing at an exceptionally strong 71% annual rate and a 19% increase over the past three months. That's similar to the market-wide trend. In fact, the New York RevPAR increase was even stronger over the same timeframe.



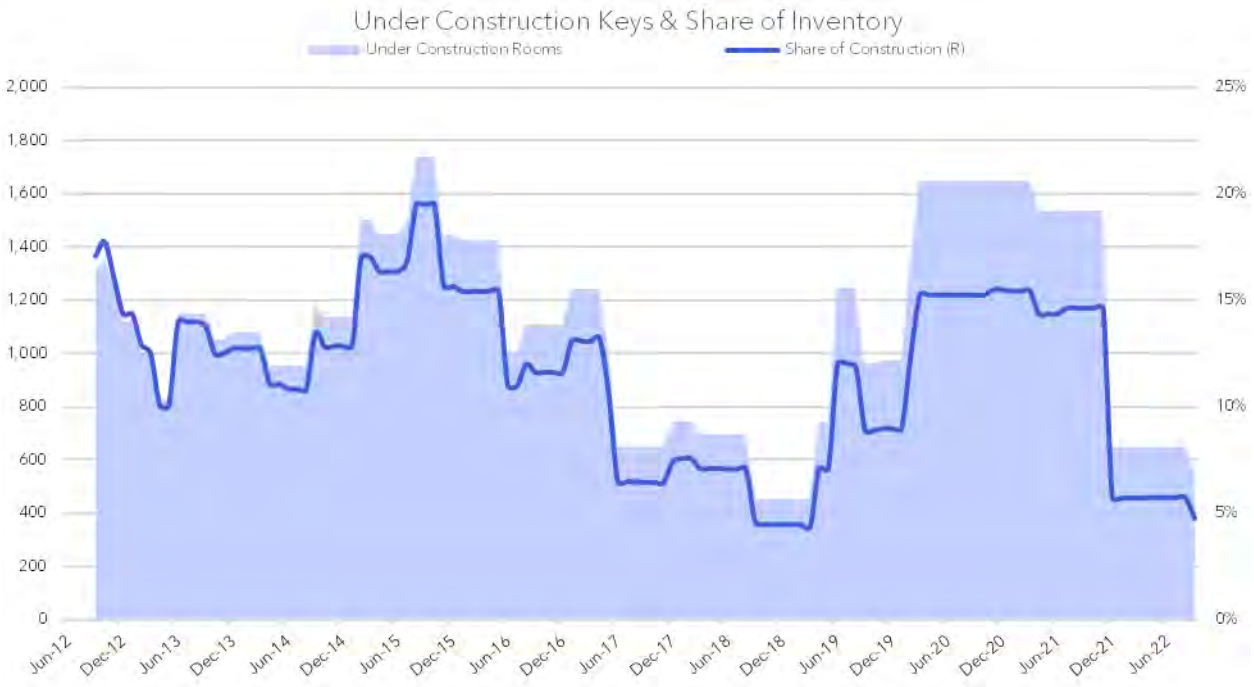


Construction & Future Supply

There are 168 rooms spread between two projects underway in the Village/Soho/Tribeca submarket, representing a 1.4% expansion of the existing inventory. This marks a continuation of new development in the submarket: About 1,500 rooms delivered within the past three years, driving a sizable net inventory expansion even after factoring in a comparatively small amount of demolition activity.

Pipeline

Building Name	Address	Rooms	Status	Brand	Class	Operation Type	Parent Company
Faena New York	76 11th Ave	120	Under Construction	-	Luxury	Independent	-
Days Inn New York	79 Eldridge St	48	Under Construction	Days Inn	Economy	Franchise	Wyndham Hotels & Resorts



Capital Markets

The submarket does see sales activity but is not a particularly active grounds for hotel investment. On average, one or two deals per year have closed in recent years. Two properties sold over the past year, with the latest closing in December. The Jane Hotel, an independent property with 200 rooms sold for $62 million, or $310k/room.

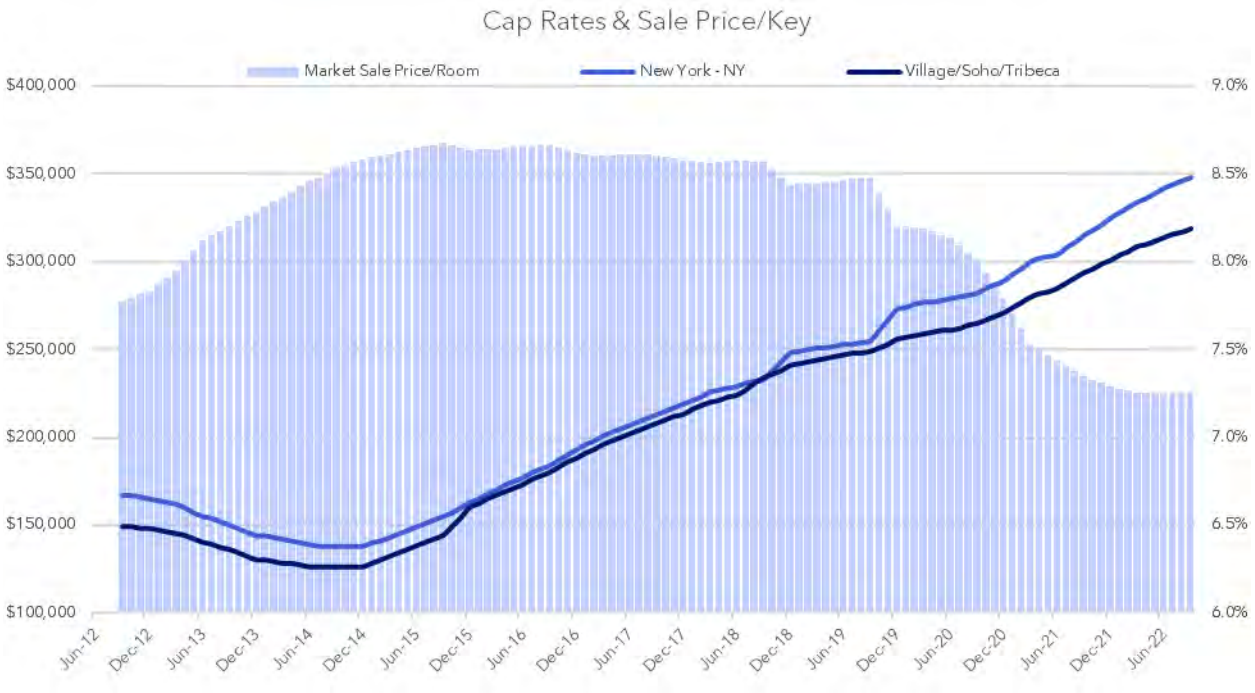
Recently Sold

Building Name	Address	Rooms	Brand	Class	Operation Type	Hotel Opened	Last Sold Date	Last Sold Price	True Owner
The Jane Hotel	113-115 Jane St	200	-	Economy	Independent	-	12/15/2022	$62,000,000	Owner 1: JK Hotel Group
The Colonial House Inn	318 W 22nd St	22	-	Upscale	Independent	Jun 1985	5/3/2022	$9,000,000	Outsite Inc.

A recent high-price per key transaction that occurred in January 2023, was the sale of the Mr. C Seaport, a 66-room boutique luxury hotel for a sale price of $60 million or $909,000/key. The seller was Atlantic Pearl Investments and the buyer was Korea-based Sono Hospitality.

Further, the 97-key trendy boutique hotel Sixty Soho, one of the subject hotel's main competitors represented in its STR competitive set, sold for $106.9 million or $1.1 million per key, closing February 3, 2023.

The strong price per key values underscores investor appetite for luxury hotels in New York City.



Conclusion

Despite concerns over slowing economic growth, the hotel industry has experienced a near full rebound in the Submarket. While occupancy, ADR, and RevPAR remain slightly below the historical average during this seasonal time, demand has not been even. Group and business travel remain low, especially for NYC. Hotel fundamentals will get a boost when this segment returns to prepandemic levels, but with softening economic growth, demand is expected to slip slightly, slowing growth.

Local Hotel Market Analysis

The purpose of this section is to link the general market to the subject property and the specific market in which it competes. As a major metropolitan area, New York City draws visitors nationally and internationally from business, leisure and group travel sectors.

We will begin our analysis by comparing the subject to the competitive set primarily in terms of physical and locational attributes. In doing so, we will identify the market in which the property competes. Next, we will examine historical occupancy and room rate trends, as well as the factors which will influence the continuation of such. In this analysis, we have relied on secondary data provided by Smith Travel Research, a prominent company which tracks hotel demand factors.

Market Standards

To determine the market standard, we researched the amenities and services offered by the competitive set; we detail the amenities of each later in the Supply Analysis. Nearly all sectors include a small refrigerator, hair dryer, toiletries, phone, television, and Wi-Fi/internet access.

Although the specifics offerings vary, there are common items that most consumers have come to expect. Consumers who choose boutique brands expect unique, high design, trendy restaurants, high quality bath products and linens, and technology connectivity. The general tone in a boutique hotel is intended to be intimate and personal, whereby the staff is highly trained offering consistent service.

As the moniker indicates, full-service hotels offer a wide variety of services and amenities to travelers. With commonly recognized flags, most appeal to a broad range of travelling segments, with features to satisfy the demands of business, groups, and leisure categories. While a mid-scale product will offer a small fitness center, a full-service hotelier provides a wide array of equipment, a pool, plus a spa. This comparison is consistent across nearly all offerings, from the range of services provided by the concierge, to valet parking and casual to formal dining options.

General Location

The subject hotel property is located on the east side of Orchard Street, through to and fronting the west side of Ludlow Street, between East Houston Street and Stanton Street, in the Lower East Side section of the Borough of Manhattan, City and State of New York. In terms of the macro New York City market, SoHo is one of Manhattan's premier submarkets, known for its trendy restaurants and shops. The subject location has many amenities and cultural institutions within easy walking distance and is accessible to public transportation. The subject's location within the neighborhood is central and accessible.

Property Rating

In order to assess the subject's strengths and weaknesses with regard to the marketability, we have analyzed the subject in comparison to its competition in terms of its site characteristics and location. In addition, we studied the proposed physical attributes such as building design and construction, as well as non-physical items such as amenities and brand positioning. The subject property is not branded. In our analysis, the subject is compared to full-service boutique hotels.

Competitive Position of the Subject Property

With its trendy design, large scale art, restaurant and bar, the subject is a boutique property that will appeal to the boutique traveler seeking a high-end design hotel. Thus, if priced appropriately, we anticipate that the subject should capture at least its fair share of market demand in this segment.

Physical Elements

The exterior design, appearance, and quality of construction of the subject will appeal towards the high end of the market. Newly constructed, the hotel and FF&E are in excellent condition. In terms of room size, the average space is similar to the competitive set. The guest rooms are bright and modern. Many rooms offer floor to ceiling windows with city views. In terms of unit-amenities, the subject competes favorably. To this end, guest rooms feature flat-screen TVs, high quality linens and bath products and spa-like bathrooms.

Outside the guest rooms to the common areas, travelers will also find a consistent modern decor, with trendy design features including a hip and trendy restaurant, Nomo Kitchen. The restaurant features outdoor space as well.

The hotel offers a 24-hour fitness center on the lower level. The hotel also has meeting space. The hotel does not have on-site parking; although, most guests arrive via public transportation.

Site Linkages

The lynchpin to the success of marketing in Manhattan is easy access to transportation links. In this regard, the subject hotel site is very well positioned within the downtown market, with numerous subway lines within several blocks of the parcel. Further, bus lines abound, as routes spring from Downtown Manhattan in all directions. In terms of auto transport, East Houston is a link to the FDR Drive and West Side Highway, which links the subject neighborhood to Brooklyn to the east and New Jersey to the west.

Overall Performance

The subject's 2019 performance showed an improvement in occupancy over 2018 as well as a higher occupancy compared to the competitive set, due to effective management by Highgate. However, there was a drop in ADR, which was seen across the Manhattan lodging market in 2019. Similar to the global hotel industry, the subject's performance was significantly impacted by COVID during 2020. Widespread distribution of the COVID vaccine began in late December 2020 with essential workers and was widely available to the general population 12 years and older in the Spring of 2021 and approved for children ages 5-11 in early November 2021. The increase of vaccines and decline in COVID-19 cases resulted in NYC ending COVID-related restrictions in May 2021; however, new restrictions were reintroduced with the Delta and Omicron variants that saw a significant jump in cases in late 2021, which abated in early 2022. Beginning in March 2021 through December 2021, the subject's monthly RevPAR performance significantly outpaced our projections, with the exception of September which was in line with our projections. The hotel's occupancy and ADR have continued to show significant improvement throughout 2022 compared to the same time last year with occupancy above 80% in nine of the last ten months and ADR hovering at $350+ in the last four months. This is significant considering the last time the subject's ADR was $350+ was in October 2018.

The following chart compares the subject hotel to its competitive set, independent hotels with the submarket, upper upscale hotels within the subject's market class as well as the overall New York hotel market.

Subject Hotel Performance vs. Market as of December 2022

	Occupancy (%)							
	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
NoMo SoHo	83.7	2.7	79.0	21.3	81.6	-0.8	79.0	21.3
Market: New York, NY	82.8	14.9	74.8	26.1	82.0	17.8	74.8	26.1
Market Class: Upper Upscale Class	81.7	22.3	72.1	37.6	81.1	27.3	72.1	37.6
Submarket: Village/Soho/Tribeca, NY	80.6	12.2	77.3	24.9	82.1	9.3	77.3	24.9
Submarket Scale: Independents	78.7	5.3	78.0	25.3	81.3	5.3	78.0	25.3
Competitive Set: Competitors	87.3	2.1	84.9	29.3	89.5	4.9	84.9	29.3

	Average Daily Rate							
	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
NoMo SoHo	390.12	27.8	314.37	42.1	380.88	36.3	314.37	42.1
Market: New York, NY	365.86	23.3	287.67	36.4	341.47	28.0	287.67	36.4
Market Class: Upper Upscale Class	369.44	21.9	293.26	33.0	343.40	27.2	293.26	33.0
Submarket: Village/Soho/Tribeca, NY	414.75	17.2	356.74	33.4	409.36	22.5	356.74	33.4
Submarket Scale: Independents	455.35	19.3	386.66	32.5	447.04	24.7	386.66	32.5
Competitive Set: Competitors	473.24	19.7	405.65	32.2	469.09	24.6	405.65	32.2

	RevPAR							
	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
NoMo SoHo	326.43	31.3	248.42	72.4	310.75	35.3	248.42	72.4
Market: New York, NY	302.77	41.6	215.16	71.9	279.95	50.8	215.16	71.9
Market Class: Upper Upscale Class	301.77	49.0	211.33	83.1	278.34	61.9	211.33	83.1
Submarket: Village/Soho/Tribeca, NY	334.33	31.4	275.78	66.7	335.96	33.9	275.78	66.7
Submarket Scale: Independents	358.44	25.6	301.67	66.0	363.32	31.3	301.67	66.0
Competitive Set: Competitors	413.31	22.1	344.48	70.9	419.63	30.7	344.48	70.9

Source: STR

Conclusion

As a trendy boutique hotel, the subject is expected to compete favorably in the overall market. The subject hotel draws attraction based on its high design, excellent condition, amenities, and proximity to transport. If priced appropriately, we anticipate that the subject should capture at least its fair share of market demand.

Subject Performance vs. Competitive Set

The following data of competitive hotels within the subject immediate and expanded neighborhood is summarized below. Performance data is compiled from Smith Travel Research (STR), a leading firm specializing in the publication of hospitality performance statistics. All the below hotels are located within a roughly one-mile radius of the subject. The five hotels considered to be direct competitors are summarized below. The have all opened between 1996 and 2014.

Hotel	Address	Zip Code	# of Rooms	Year Built*
SoHo Grand Hotel	310 W Broadway	10013	347	1996
Sixty SoHo	60 Thompson Street	10012	97	1999
The Roxy Hotel TriBeCa	2 Avenue of the Americas	10013	201	1999
The Standard East Village	25 Cooper Square	10003	144	2006
Hotel Hugo SoHo	525 Greenwich Street	10013	122	2012

**Per public record*
Source: Smith Travel Report, Zola.planning.nyc.gov

Competitive Survey Map



SoHo Grand Hotel
New York, NY

Number of Rooms: 353
Year Opened: 1996
Description:

The Soho Grand Hotel was completed in 1996 and was one of the first luxury hotels in Soho. It is 17-stories tall and has 353 rooms. There are several bars and restaurants and a gym.



Sixty SoHo
New York, NY

Number of Rooms: 97
Year Opened: 2001
Description:

Sixty SOHO is a 12-story, 97-room hotel opened in 2001 in Soho. It has a popular restaurant as well as a roof top bar.



The Roxy Hotel TriBeCa
New York, NY

Number of Rooms: 201
Year Opened: 200

Description:

Roxy Hotel Tribeca is an 8-story, 201-room hotel opened in 2000 in Tribeca. It has a bar, lounge, screening room, and gym.



The Standard East Village
New York, NY

Number of Rooms: 144
Year Opened: 2008

Description:

The Standard East Village is located in Cooper Square (3 Avenue and 5th Street) and was constructed in 2008. The hotel contains 144 rooms. The 21-story hotel is accessed via the original tenement-style building. The hotel features a full-service restaurant with a Michelin starred chef, and a café offering live music. Rooms feature floor to ceiling windows, TV, Bluetooth speakers, 24-hour room service and free Wi-Fi.



Hotel Hugo SoHo
New York, NY

Number of Rooms: 122
Year Opened: 2014

Description:

Hotel Hugo Soho is located on Greenwich Street and Spring Street. It is a 15-story, 122 room hotel that opened in 2014. It has a full restaurant and two rooftop bars.



Historical Market Performance

The subject property is located in the trendy and desirable SoHo neighborhood, close to desirable tourist attractions and entertainment areas including Little Italy, Chinatown, Lower East Side, Greenwich Village and The East Village. Furthermore, it is near New York University. There are numerous restaurants, lounges, night clubs, boutiques, and hotels within the immediate vicinity of the subject property. The area is readily accessible from various public transportation options as well as other points via automobile. SoHo, the Lower East Side, and the East Village have benefited from a thriving nightlife, and the area has also seen significant residential construction and conversion. The property is also situated just north of the Downtown office market, which had been revitalized pre-COVID with the advent of the redeveloped World Trade Center, comprising a large office and retail component, as well as the World Trade Center Museum.

The subject and all of the comparables are newly constructed, high end, luxury hotels in trendy neighborhoods of downtown Manhattan. The subject and all comparables feature stylish, trendy restaurants and bars that are well regarded by tourists and locals alike. Prior to the transition from Morgan's Hotel Group to NoMo, the subject's occupancy outperformed the competitive set while the ADR and resulting RevPAR underperformed the competitive set. When the current ownership took control of the hotel and its management, any existing clientele information was unavailable, and no reservations or events were scheduled. As a result, the hotel suffered decreased occupancy and ADR.

Ownership is planning a renovation estimated at $20 million. The renovation plan includes the addition of revenue generating F&B outlets, moving the lobby to the ground level as well as refreshing all of the guest rooms, including all furniture and finishes throughout. Ownership reports that they are making progress on their application process with the DOB. To date, they completed schematic designs for both the public spaces and the rooms and have a mockup room. The full application is expected to be sent to DOB during January / February 2023. The renovation plan is to begin in Q2 2023 with the public spaces and some guest rooms with the goal of the least disruption to hotel operations.

Similar to the global hotel industry, the subject's performance was significantly impacted by COVID. In our previous appraisals, we projected monthly occupancy and ADR for the subject hotel. As the hotel's occupancy and/or ADR exceeded our projections during the majority of 2021, the RevPAR met or surpassed our projections in 10 out of 12 months in 2021. Below, we present our monthly projections of occupancy and ADR (projected in our December 2020 appraisal) against the subject's actual 2021 performance.

2021 Bowery Projected Occupancy & ADR vs. Actual Performance

Year	Month	Bowery Projected Occupancy @12/20	Actual Occupancy	Bowery Projected ADR @12/20	Actual ADR	Bowery Projected RevPAR @12/20	Actual RevPAR
2021	January	34.7%	33.6%	$126	$126	$43.78	$42.45
	February	35.0%	31.5%	$135	$135	$47.25	$42.37
	March	35.0%	34.8%	$135	$140	$47.25	$48.61
	April	35.0%	52.7%	$150	$157	$52.50	$82.45
	May	40.0%	68.1%	$150	$186	$60.00	$126.91
	June	55.0%	83.1%	$185	$200	$101.75	$166.35
	July	55.0%	81.3%	$185	$218	$101.75	$176.95
	August	54.0%	70.4%	$185	$212	$99.90	$148.94
	September	80.0%	77.4%	$250	$256	$200.00	$198.19
	October	75.0%	77.9%	$250	$269	$187.50	$209.23
	November	75.0%	87.5%	$275	$264	$206.25	$231.22
	December	85.0%	81.5%	$275	$305	$233.75	$248.70

Source: STR

Ownership provided the actual hotel operating data through December 2022 and overall, the performance significantly exceeded the prior year performance, presented below.

Monthly Occupancy & ADR 2021 vs. 2022

	Occupancy		ADR		RevPAR	
Month	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
January	33.6%	40.1%	$126.46	$165.17	$42.45	$66.22
February	31.5%	58.9%	$134.55	$195.40	$42.37	$115.09
March	34.8%	81.6%	$139.62	$224.10	$48.61	$182.84
April	52.7%	91.4%	$156.52	$296.80	$82.45	$271.21
May	68.1%	88.0%	$186.43	$351.78	$126.91	$309.44
June	83.1%	88.4%	$200.26	$349.05	$166.35	$308.59
July	81.3%	81.6%	$217.77	$272.58	$176.95	$222.35
August	70.4%	83.1%	$211.69	$243.98	$148.94	$202.81
September	77.4%	89.6%	$255.98	$408.08	$198.19	$365.78
October	77.9%	85.9%	$268.65	$393.81	$209.23	$338.18
November	87.5%	75.0%	$264.33	$354.93	$231.22	$266.20
December	81.5%	83.7%	$305.24	$390.12	$248.70	$326.43
TOTAL	66.2%	79.0%	$220.93	$314.41	$146.15	$248.44

Source: STR; Owner's December 2022 P&L; Compiled by Bowery

Quarterly Analysis

		2019	2020	2021	2022
ADR	Q1	195.21	187.49	133.55	195.02
	Q2	293.00	208.83	181.05	332.57
	Q3	271.17	183.02	227.83	308.29
	Q4	314.04	143.34	279.08	370.09
	Annual	268.36	180.67	205.38	301.49
		2019	2020	2021	2022
Occupancy	Q1	83%	61%	35%	60%
	Q2	91%	2%	68%	89%
	Q3	90%	17%	77%	85%
	Q4	91%	29%	82%	88%
	Annual	89%	27%	66%	81%
		2019	2020	2021	2022
RevPAR	Q1	163.99	111.90	47.21	121.45
	Q2	267.19	5.12	125.22	296.49
	Q3	245.43	29.97	175.27	263.58
	Q4	285.47	42.07	229.47	326.31
	Annual	240.52	47.26	144.29	251.96

Source: Ownership (data through Q3 2022)

NoMo SoHo Performance

January 2019 – September 2022



The hotel's overall performance is summarized above as well as in the table on the following page for the last four years: 2019 through 2022. The table below also shows the same measurements in the competitive set. The table indicates that in 2019, the subject's occupancy improved from the prior year to 88.90% while its competitive set declined to 86.50%. In 2019, similar to the overall New York City hotel market, the subject's ADR declined by 5.0% to $270.90 while it's competitive set dropped by 1.2%, to $331.16. Overall, the subject's RevPAR declined by 2.1% while its competitive set declined by 5.1%. The subject's RevPAR of $240.80 was 15.9% below that of its competitive set, which had a RevPAR of $286.44 as of year-end 2019.

As expected, the subject's performance significantly declined during 2020. The subject saw an overall occupancy of 27.2%, a 69.4% drop from 2019, and an ADR of $172.87, a 36.2% drop from 2019, resulting in a RevPAR of $47.05, a decline of 80.5% from the prior year. We note that the subject's RevPAR is $38.06 or 44.7% below its competitive set. However, it is important to note that the competitive set did not report data for the months of April, May, and June 2020 due to temporary closures. Thus, the competitive set data appears to be skewed.

The subject's occupancy increased to 65.10% as of 2021, in line with its competitive set's occupancy of 65.70%. ADR also saw a significant 28.0% jump to $221.23, which was still well below the competitive set's ADR of $306.94. This resulted in the subject's RevPAR of $144.08, a 206.2% improvement over the prior year. This trend continued throughout 2022 with another significant improvement in occupancy to 79%, a 21.4% jump from the prior year while ADR saw another impressive year, ending at $314.37, the all time high for the subject hotel. This resulted in a 72.4% increase in the subject's RevPAR to $248.42. The subject's competitive set saw an equally impressive 71% jump in RevPAR to end the year at $344.48.

	2019			2020			2021			2022		
	Occupancy	**ADR**	**RevPAR**	**Occupancy**	**ADR**	**RevPAR**	**Occupancy**	**ADR**	**RevPAR**	**Occupancy**	**ADR**	**RevPAR**
Subject	88.90%	$270.90	$240.80	27.20%	$172.87	$47.05	65.10%	$221.23	$144.08	79.00%	$314.37	$248.42
% Change	*3.0%*	*-5.0%*	*-2.1%*	*-69.4%*	*-36.2%*	*-80.5%*	*139.3%*	*28.0%*	*206.2%*	*21.4%*	*42.1%*	*72.4%*
Competitive Set	86.50%	$331.16	$286.44	39.30%	$216.76	$85.11	65.70%	$306.94	$201.53	84.90%	$405.65	$344.48
% Change	*-4.0%*	*-1.2%*	*-5.1%*	*-54.6%*	*-34.5%*	*-70.3%*	*67.2%*	*41.6%*	*136.8%*	*29.2%*	*32.2%*	*70.9%*
Subject vs. Comps ($)	0.02 pp	($60.26)	($45.64)	-0.12 pp	($43.89)	($38.06)	-0.01 pp	($85.71)	($57.45)	-0.06 pp	($91.28)	($96.06)
Subject vs. Comps (%)	2.8%	-18.2%	-15.9%	-30.8%	-20.2%	-44.7%	-0.9%	-27.9%	-28.5%	-6.9%	-22.5%	-27.9%

Source: Smith Travel Research, compiled by Bowery

To develop a forecast of occupancy and room rates, we have examined the historical interaction of supply and demand of the competitive set, in conjunction with the expected performance of the macro market reported by Smith Travel Research. The forecast accounts for any unexpected market weakness that could occur as a result of a myriad of factors, the primary of which is new supply. In this regard, it is likely that continued success will spur other developments, further fueling competition. Furthermore, a slowdown of market expansion including ADRs and occupancy could alter the operating environment significantly. It is our view that investors in lodging properties are generally aware of these trends and will advance forecasts with consideration of such.

The historical performance of the subject along with its competitive set is presented on the following page.

Subject vs. Competitive Hotel Set

Occupancy (%)	2021						2022												Year To Date			Running 3 Month			Running 12 Month		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020	2021	2022	2020	2021	2022	2020	2021	2022
My Property	81.3	70.4	77.4	77.9	87.5	81.5	40.1	58.9	81.6	91.4	88.0	88.4	81.6	83.1	89.6	85.9	75.0	83.7	27.2	65.1	79.0	28.8	82.2	81.6	27.2	65.1	79.0
Competitive Set	78.3	74.4	83.8	81.7	88.8	85.6	51.9	74.6	88.0	92.2	89.1	90.3	82.8	87.5	94.1	91.3	89.7	87.3	39.3	65.7	84.9	30.1	85.3	89.5	39.3	65.7	84.9
Index (MPI)	103.7	94.6	92.4	95.4	98.5	95.2	77.2	79.0	92.7	99.1	98.7	97.9	98.6	95.0	95.2	94.1	83.6	95.8	69.3	99.2	93.1	95.7	96.4	91.2	69.3	99.2	93.1
Rank	4 of 6	5 of 6	5 of 6	4 of 6	3 of 6	4 of 6	5 of 6	5 of 6	4 of 6	5 of 6	4 of 6	4 of 6	4 of 6	4 of 6	5 of 6	5 of 6	6 of 6	4 of 6	6 of 6	4 of 6	5 of 6	3 of 6	5 of 6	5 of 6	6 of 6	4 of 6	5 of 6
% Chg																											
My Property	1034.8	294.4	184.7	130.0	259.3	189.3	19.4	87.0	134.4	73.5	29.2	6.4	0.4	18.1	15.8	10.3	-14.3	2.7	-69.4	139.3	21.3	-68.2	185.1	-0.8	-69.4	139.3	21.3
Competitive Set	447.0	149.7	144.7	113.9	227.8	241.5	97.9	123.7	113.2	69.7	41.2	20.0	5.6	17.7	12.4	11.8	1.0	2.1	-54.6	67.2	29.3	-65.7	183.0	4.9	-54.6	67.2	29.3
Index (MPI)	107.5	57.9	16.3	7.5	9.6	-15.3	-39.6	-16.4	9.9	2.2	-8.5	-11.3	-5.0	0.4	3.0	-1.4	-15.1	0.6	-32.6	43.1	-6.2	-7.2	0.7	-5.4	-32.6	43.1	-6.2
Rank	2 of 6	1 of 6	3 of 6	4 of 6	4 of 6	5 of 6	5 of 6	5 of 6	3 of 6	3 of 6	4 of 6	5 of 6	5 of 6	4 of 6	3 of 6	5 of 6	6 of 6	4 of 6	6 of 6	1 of 6	5 of 6	4 of 6	4 of 6	6 of 6	6 of 6	1 of 6	5 of 6

ADR	2021						2022												Year To Date			Running 3 Month			Running 12 Month		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020	2021	2022	2020	2021	2022	2020	2021	2022
My Property	217.77	211.69	255.98	268.65	264.33	305.24	165.17	195.40	224.10	296.80	351.78	349.05	272.58	243.98	408.08	393.81	354.93	390.12	172.87	221.23	314.37	144.91	279.37	380.88	172.87	221.23	314.37
Competitive Set	293.82	287.37	360.62	367.07	366.38	395.46	239.80	273.33	309.07	393.18	458.75	455.63	359.91	341.39	522.09	496.62	435.97	473.24	216.76	306.94	405.65	195.32	376.43	469.09	216.76	306.94	405.65
Index (ARI)	74.1	73.7	71.0	73.2	72.1	77.2	68.9	71.5	72.5	75.5	76.7	76.6	75.7	71.5	78.2	79.3	81.4	82.4	79.8	72.1	77.5	74.2	74.2	81.2	79.8	72.1	77.5
Rank	6 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	6 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	6 of 6	5 of 6
% Chg																											
My Property	7.9	16.7	54.4	67.4	95.2	127.6	30.6	45.2	60.5	89.6	88.7	74.3	25.2	15.3	59.4	46.6	34.3	27.8	-36.2	28.0	42.1	-54.0	92.8	36.3	-36.2	28.0	42.1
Competitive Set	61.9	60.4	89.4	81.2	88.8	113.1	41.7	52.7	68.1	71.7	69.0	52.4	22.5	18.8	44.8	35.3	19.0	19.7	-34.5	41.6	32.2	-48.0	92.7	24.6	-34.5	41.6	32.2
Index (ARI)	-33.3	-27.3	-18.5	-7.6	3.4	6.8	-7.8	-4.9	-4.5	10.5	11.6	14.4	2.2	-3.0	10.1	8.4	12.8	6.8	-2.5	-9.6	7.5	-11.5	0.0	9.4	-2.5	-9.6	7.5
Rank	6 of 6	6 of 6	6 of 6	6 of 6	4 of 6	5 of 6	5 of 6	4 of 6	5 of 6	1 of 6	2 of 6	1 of 6	3 of 6	6 of 6	2 of 6	2 of 6	1 of 6	1 of 6	4 of 6	6 of 6	1 of 6	6 of 6	4 of 6	1 of 6	4 of 6	6 of 6	1 of 6

RevPAR	2021						2022												Year To Date			Running 3 Month			Running 12 Month		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020	2021	2022	2020	2021	2022	2020	2021	2022
My Property	176.95	148.94	198.19	209.23	231.22	248.70	66.22	115.09	182.84	271.21	309.44	308.59	222.35	202.81	365.78	338.18	266.20	326.43	47.05	144.08	248.42	41.79	229.70	310.75	47.05	144.08	248.42
Competitive Set	230.20	213.73	302.02	299.74	325.51	338.38	124.48	203.87	271.92	362.66	408.69	411.35	297.84	298.81	491.51	453.40	391.27	413.31	85.11	201.53	344.48	58.88	321.16	419.63	85.11	201.53	344.48
Index (RGI)	76.9	69.7	65.6	69.8	71.0	73.5	53.2	56.5	67.2	74.8	75.7	75.0	74.7	67.9	74.4	74.6	68.0	79.0	55.3	71.5	72.1	71.0	71.5	74.1	55.3	71.5	72.1
Rank	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	6 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	5 of 6	6 of 6	5 of 6	5 of 6
% Chg																											
My Property	1124.8	360.1	339.4	285.0	601.5	558.4	56.0	171.6	276.2	228.9	143.8	85.5	25.7	36.2	84.6	61.6	15.1	31.3	-80.5	206.2	72.4	-85.4	449.7	35.3	-80.5	206.2	72.4
Competitive Set	785.6	300.5	363.5	287.6	518.8	627.8	180.5	241.6	258.3	191.4	138.7	82.9	29.4	39.8	62.7	51.3	20.2	22.1	-70.3	136.8	70.9	-82.2	445.5	30.7	-70.3	136.8	70.9
Index (RGI)	38.3	14.9	-5.2	-0.7	13.4	-9.5	-44.4	-20.5	5.0	12.9	2.2	1.4	-2.9	-2.6	13.4	6.9	-4.2	7.5	-34.2	29.3	0.9	-17.9	0.8	3.5	-34.2	29.3	0.9
Rank	2 of 6	4 of 6	4 of 6	4 of 6	3 of 6	5 of 6	6 of 6	4 of 6	4 of 6	3 of 6	3 of 6	5 of 6	5 of 6	4 of 6	2 of 6	2 of 6	6 of 6	1 of 6	6 of 6	1 of 6	4 of 6	4 of 6	4 of 6	3 of 6	6 of 6	1 of 6	4 of 6

Source: Smith Travel Research, as of December 2022

Market Penetration

The data presented from Smith Travel Research indicates that occupancy rates remain high within this specific competitive set where pre-COVID, the subject exceeded 86% every month in March 2019 through December 2019 and the comparative set exceeded 84% every month. Typical seasonal rates ranged between the low-$200s to the high $300+ per night. Prior to COVID, there was an increase in new hotel construction, resulting in an increase to room supply, a lagging factor which could potentially slow growth in these metrics going forward. However, considering the current environment with reduced supply as several hotels permanently closed and a slowdown of new hotel construction, as well as the planned renovation, there is potential to improve occupancy and rate going forward.

Demand

Demand is divided into the type of traveler accommodated. The primary segments are transient, group, and contract. According to Smith Travel Research, transient rooms are sold to individuals or groups occupying less than 10 rooms per night. Group rooms are defined as rooms sold in blocks of 10 or more rooms per night, sold pursuant to a signed agreement. Contract rooms are a consistent block of rooms committed at stipulated contract rates for an extended period over 30 days with payment guaranteed regardless of use, such as for airline crews and permanent guests.

Within each of these segments demand arises from corporate, leisure and group. The corporate segment is primarily comprised of individuals traveling to the area to conduct business. This demand is usually the greatest from Monday through Thursday nights. Business travelers are usually not overly price sensitive and prefer to stay at hotels that offer a variety of conveniences including food and beverage services.

New York City is home to more Fortune 500 firms than any other city in the nation and considered the business and financial capital of the United States. It is also a major center for the entertainment industry and the fashion industry. As a result, the commercial segment represents the largest segment of the New York City lodging market and accounts for a major portion of transient demand.

The leisure segment consists of families and individuals visiting the area for vacations, family events, entertainment, or shopping. This demand is usually the strongest from Friday through Sunday. As one of the world's premier tourist destinations, New York City attracts millions of tourists every year. The subject property is located in SoHo, one of Manhattan's premier submarkets known for its trendy restaurants and retail. The subject location has many amenities and cultural institutions within easy walking distance and is accessible to public transportation and thus is a huge draw for leisure guests.

The group segment can include both leisure and corporate travelers. A group generally consists of guests who occupy 10 or more rooms booked collectively. Group events include corporate meetings, training seminars, conferences, sporting teams, and wedding parties, to name a few. The group segment also contains SMERF business – social, military, educational, religious, or fraternal groups. Overall, group demand is limited at the hotel as it has one meeting room. However, this category would include guests who are attendees of conventions at other locations. This would include conventions at the Jacob K. Javits Convention Center, which is located between 34th and 39th Streets and Eleventh and Twelfth Avenues in the Midtown West neighborhood.

The contract segment is usually corporate and government travelers that stay at previously negotiated rates. The subject's primary demand is transient, and the vast majority of the transient demand is from corporate and leisure travelers. Group represents a much lower segment of demand and primary consists of weddings, reunions, small corporate gatherings, and so forth. The competitive market set has essentially no contract business, due to its location.

Supply

It is important to discuss the impact to future hotel supply after the New York City Council passed a text amendment at its December 9, 2021 meeting that limits new hotel development. Namely, new hotels, or expansions of existing ones by 20 percent or more, must first obtain a special permit. Hotels that shelter homeless individuals, as well as those that were planned prior to the text amendment's approval and are ready for occupancy within six years, are exempt from the permit mandate.

In the year since the city required special permits to build a hotel, not a single application has been filed according to The Real Deal article dated, "How Special are these Permits? No one got any?", dated December 9, 2022. The article goes on to say that while building permits have been sought and issued for new hotels, they appear to be for projects exempt from the law or grandfathered under the old rules.

This is an excerpt from the article:

Hotel projects — which previously were allowed in commercial districts without having to jump through political hoops — abounded as city tourism boomed from the turn of the century until the pandemic. Obtaining a special permit is no small task. It involves going through the city's Uniform Land Use Review Procedure, or Ulurp, an expensive and months-long process that culminates in a City Council vote. Council members are subject to pressure from constituents and from the Hotel Trades Union, which lobbied for the permit requirement to curb the proliferation of nonunion hotels.

By the Department of City Planning's own analysis, by 2035, the permit mandate will leave New York 47,000 hotel rooms short of the demand. While it is challenging to isolate the effects of the law from those of other economic conditions, hotel projects also dried up in light manufacturing zones after special permit restrictions were enacted there in 2018.

Attorney Eugene Travers of Kramer Levin said a few developers he represents are considering applying for a special permit to build hotels. But with projects now complicated by economic conditions such as rising construction costs and interest rates, the extra costs and time involved in getting a special permit are especially unappealing.

This is expected to have a positive impact to existing hotel supply as the number of hotel rooms is expected to remain stable through 2028.

Occupancy Forecast

In order to project the future occupancy levels of subject hotel, we have estimated the level of patronage by market segment that can be reasonably captured by the property. The extent to which the subject property could capture demand from each market segment was estimated by performing a fair share penetration analysis.

A hotel's fair share of the market is defined as the number of available rooms of the subject hotel divided by the total supply of available rooms in the competitive market, including the subject property. Factors indicating a hotel would possess competitive advantages suggest a market penetration in excess of 100 percent of fair market share, while competitive weaknesses are reflected in penetration less than 100 percent.

The table below summarizes the occupancy, ADR and RevPAR for the subject and competitive set by segment.

Performance Indicators by Segment, December 2022

	Transient		% Chg	Group		% Chg	Contract		% Chg	Total		% Chg
Occupancy (%)	My Property	71.3	17.0	My Property	7.7	84.8	My Property	0.0	0.0	My Property	79.0	21.3
	Comp set	77.6	27.0	Comp set	7.3	60.3	Comp set	0.0	0.0	Comp set	84.9	29.3
	Index (MPI)	91.8	-7.9	Index (MPI)	106.0	15.3	Index (MPI)	0.0	0.0	Index (MPI)	93.1	-6.2
ADR	My Property	313.06	41.6	My Property	326.43	45.8	My Property	0.00	0.0	My Property	314.37	42.1
	Comp set	406.56	32.5	Comp set	396.02	28.0	Comp set	0.00	0.0	Comp set	405.65	32.2
	Index (ARI)	77.0	6.9	Index (ARI)	82.4	14.0	Index (ARI)	0.0	0.0	Index (ARI)	77.5	7.5
RevPAR	My Property	223.18	65.7	My Property	25.24	169.5	My Property	0.00	0.0	My Property	248.42	72.4
	Comp set	315.58	68.4	Comp set	28.89	105.1	Comp set	0.00	0.0	Comp set	344.48	70.9
	Index (RGI)	70.7	-1.6	Index (RGI)	87.4	31.4	Index (RGI)	0.0	0.0	Index (RGI)	72.1	0.9

Source: Smith Travel Research

As summarized above, the subject achieved an overall occupancy of 79.0% in 2022. This was primarily derived from transient demand accounting for 71.3% occupancy while a small portion of 7.7% occupancy was derived from group demand and none from contract business. As the subject's demand is primarily generated from the transient market, it is reasonable to project an overall occupancy for the subject.

The occupancy rate for the competitive set was 65.1% in 2021 and 84.9% in 2022. According to STR, the subject hotel's occupancy was 86.30% in 2018, 88.90% in 2019, 27.2% in 2020, 65.1% in 2021, and 79.0% in 2022. Ownership projects occupancy in 2023 of 85.3%.

We take into consideration the historical market performance and the forecasted dynamics of each market segment as well as the subject's historical occupancy and the limit on new hotel supply. We also consider the $20 million planned renovation that includes a refresh of all of the guest rooms, revamping the F&B outlets, and moving the lobby to the ground floor. We project that property will achieve a stabilized occupancy in Year 3. We project a Year 1 occupancy of 85.0%, declining to 85.0% in Year 2 when many of the rooms will be refreshed. Post renovation, we project occupancy of 90.0% in Year 3 and throughout the remainder of the projection period, which is line with the subject's historical occupancy.

Subject Historical and Projected Occupancy

	Historical 2018	Historical 2019	Historical 2020	Historical 2021	Historical 2022	Owner's Budget 2023	Bowery Projection Yr 1	Bowery Projection Yr 2	Bowery Projection Yr 3
Subject's Occu	85.3%	88.9%	27.1%	66.2%	79.0%	85.3%	85.0%	85.0%	90.0%

Average Daily Room Rate (ADR) Forecast

ADR of Subject, Submarket, and Competitive Set, December 2022

	Average Daily Rate							
	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
NoMo SoHo	390.12	27.8	314.37	42.1	380.88	36.3	314.37	42.1
Market: New York, NY	365.86	23.3	287.67	36.4	341.47	28.0	287.67	36.4
Market Class: Upper Upscale Class	369.44	21.9	293.26	33.0	343.40	27.2	293.26	33.0
Submarket: Village/Soho/Tribeca, NY	414.75	17.2	356.74	33.4	409.36	22.5	356.74	33.4
Submarket Scale: Independents	455.35	19.3	386.66	32.5	447.04	24.7	386.66	32.5
Competitive Set: Competitors	473.24	19.7	405.65	32.2	469.09	24.6	405.65	32.2

Source: Smith Travel Research

As indicated in the previous pages and above, the competitive set achieved an ADR of $335.20 in 2018, declining in 2019 to $331.16 and again in 2020 to $216.76 with a jump to $306.94 in 2021 and $405.65 in 2022. The subject achieved an ADR of $288.45 in 2018, $270.90 in 2019, with another decline in 2020 to $172.87 a jump to $221.23 in 2021 and $314.37 in 2022. Ownership projects an ADR of $334.84 in 2022.

Given the strong 2022 performance from the subject and its competitive set as well as ownership's 2023 projection, we project ADR in Year 1 of $335.00, increasing to $345.05 in Year 2 and stabilizing in Year 3, post renovation, to $400.00. We project this will grow by 3% annually thereafter.

Subject Historical and Projected ADR

	Historical	**Historical**	**Historical**	**Historical**	**Historical**	**Owner's Budget**	**Bowery Projection**	**Bowery Projection**	**Bowery Projection**
	2018	2019	2020	2021	2022	2023	Yr 1	Yr 2	Yr 3
Subject's ADR	$288.45	$270.91	$172.87	$220.93	$314.41	$334.84	$335.00	$345.05	$400.00

Revenue and Occupancy Forecast

After considering the historical and macro market performance, that of the competitive set and current market conditions, our forecast of occupancy, ADR, and Room Revenues is presented below.

Revenue Forecast

	1	2	3	4	5
Year	2023	2024	2025	2026	2027
Hotel Rooms	264	264	260	260	260
Available Nights	365	366	365	365	365
Available Room Nights	96,360	96,624	94,900	94,900	94,900
Occupied Room Nights	81,906	82,130	85,410	85,410	85,410
Occupancy	85.0%	85.0%	90.0%	90.0%	90.0%
ADR	$335.00	$345.05	$400.00	$412.00	$424.36
ADR Growth		3.0%	15.9%	3.0%	3.0%
RevPAR	$284.75	$293.29	$360.00	$370.80	$381.92
RevPAR Growth Yr/Yr (%)		3.0%	22.7%	3.0%	3.0%
Room Revenue	$27,438,510	$28,339,095	$34,164,000	$35,188,920	$36,244,588

Highest & Best Use

In determining highest and best use, we have considered the current trends of supply and demand on the market, current zoning regulations and other possible restrictions, and neighboring land uses.

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

In estimating highest and best use, alternative uses[7], such as the legally permissible use, the physically possible use, the financially feasibility, and the highest and best use, are considered and tested for the subject site.

As Vacant

Legally Permissible	The subject property is located in a M1-5B which permits commercial, retail and community facility development as of right. No known zoning change is currently being considered or anticipated. We are not aware of any public or private deed restrictions that preclude development on the site. Our analysis of the market indicates that the subject location supports the current zoning. It is our opinion that the site, if vacant, could be developed for the above legally permitted (and assumed) uses.
Physically Possible	The subject site, 14,470± square feet, is a typical size, offering very good utility for development. All necessary utilities are available, and there are no apparent easements or encroachments that would hinder development. Any of the above legally permitted uses, therefore, are considered physically possible.
Financially Feasible	The subject's location is mixed-use in character, and the subject's neighborhood has seen a good deal of new mixed-use development in recent years. A commercial development would be financially feasible.
Maximally Productive/ Highest and Best Use	All legally permissible, physically possible and financially feasible uses of the subject property, as vacant, have been presented and examined. Based on the strong mixed-use location of the site, a commercial development would represent the highest and best use.

[7] *The definitions of these alternative uses can be found in the Glossary of Terms, which is located in the Addenda.*

As Improved

Legally Permissible	The subject property is located in a M1-5B which permits commercial, retail and community facility development as of right. No known zoning change is currently being considered or anticipated. The subject conforms to the applicable zoning requirements and represents a legal, complying structure.
Physically Possible	The subject site is a typical size, 14,470± square feet, offering very good utility for development. Moreover, the presence of similar improvements in the immediate area attests to the physical possibility of such improvements. The subject is of good size and has good street access. All necessary utilities are available, and there are no apparent easements or encroachments. The subject building was observed, upon inspection, to be physically sound and therefore is considered physically possible.
Financially Feasible	The subject's location is mixed-use in character, and the subject's neighborhood has seen a good deal of new mixed-use development in recent years. The subject is a successful hotel and the current income provides a return to the land. It would be unreasonable to demolish the existing improvements. The existing use is the most financially feasible use.
Maximally Productive/ Highest and Best Use	All legally permissible, physically possible and financially feasible uses of the subject property, as vacant, have been presented and examined. We believe any market participant buying this hotel would embark on a refresh of the existing hotel. However, this can range from a $20 million renovation to a massive gut renovation of the entire hotel which would change the class of hotel. For example, if ownership decided to spend $30M to completely change the hotel, the value could be impacted (see our Extraordinary Assumption). While renovation and refresh requirements differ from hotel to hotel based on a property's brand, condition, age and current standards, the below schedule summarizes a typical FF&E schedule.

Exemplary FF&E Renewal Schedule

Department		0-5 years	5-7 years	7-10 years	10-15 years	15-20 years
Rooms	Wall Coverings	X				
	Carpets		X			
	Curtains		X			
	Mattresses	X				
	Furniture				X	
	Lighting				X	
	Television Sets			X		
Bathroom	Tiles					X
	Lighting					X
	Controls				X	
	Sanitary Equipment				X	
	Shower Partitions			X		
Wellness	Floor/Wall/Ceiling	X				
	Sauna / Steam Bath			X		
	Pool					X
	Technical			X		
	Fitness Equipment		X			
Public Space and	Wall Coverings	X				
	Carpet		X			
	Moveable furniture		X			
	Fixtures			X		
	Lighting		X			
Back-of-House Areas	Large Kitchen					X
	Floor / Wall					X
Technical Installations	Elevators (interior)				X	
Administrative / Other	Phone Equipment				X	
	IT		X			

Source: HoTour (Hotel Consulting)

As summarized above, guest room soft goods typically receive a refresh by the 7-year mark while larger renovations are usually seen between years 7 and 15. The subject hotel's history of receiving a refresh in 2016, at 5 years old, and a projected renovation in 2023/2024, at approximately 11 years old, appears reasonable as it conforms to market standards.

Based on the performance of the existing hotel, the current use, assuming the renovation takes place, is the highest and best use.

Conclusion

Based on the subject property's zoning, physical characteristics, location, and forecasted economic conditions, continued hotel use, assuming the renovation takes place, is concluded to be the highest and best use as improved.

Most Probable Buyer

Taking into account the size and characteristics of the property and its current use as a hotel, the likely buyer is a national/international hotel investor/developer.

Appraisal Valuation Process

The estimated values arrived at by the approaches to value used in this report are as follows:

The Cost Approach is based on the understanding that market participants relate value to cost. In the Cost Approach a property is valued based on a comparison with the cost to build a new or substitute property. The cost estimate is adjusted for all depreciation affecting the property. This approach traditionally reflects a good indicator of value when the improvements being appraised are new or close to new or when the property has unique or specialized improvements.

The Income Capitalization Approach reflects an analysis of a property's capacity to generate future income and capitalizes the income into an indication of present value. This approach reflects the market's perception of a relationship between a property's potential income and its fair market value. It is a strong indicator of value when market rents, vacancy rates, stabilized expenses, capitalization/discount rates are based on reliable market data. The two common valuation techniques associated with the Income Capitalization Approach are direct capitalization and the discounted cash flow (DCF) analysis, with one or both methods applied as appropriate. This approach is widely used in appraising income producing properties.

The Sales Comparison Approach assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with similar utility. This approach is reliable in an active market with sufficient sales data where few differences exist between the comparable sales and the subject, and the sales data collected is credible and accurate. Similar property types in competitive locations tend to sell within a consistent range, and this factor makes valuation on a per room basis a strong predictor of value. The Sales Comparison Approach is often relied upon for owner-user properties. For leased properties, this approach is more often considered as secondary support for the Income Approach.

Each approach applied is then reconciled to a final value conclusion after weighing the quantity and quality of data analyzed and the applicability of each approach to the subject property type.

Approaches to Value Applied

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	No
Income Approach	Applicable	Yes
Sales Approach	Applicable	Yes

The Cost Approach is not used in this assignment due to the age of the improvements and the difficulty in credibly isolating the influence of physical and economic depreciation. More importantly, investors typically give nominal weight to this analysis if the asset is operating on a stabilized basis and its cost bears little relationship to the value. The exclusion of this approach is not considered to impact the reliability of the appraisal.

Income Capitalization Approach

In the Income Capitalization Approach, a property's capacity to generate future benefits is analyzed; the forecasted income is capitalized into an indication of present value. Definitions of commonly used measures of anticipated benefits are defined in the Glossary of Terms within the Addenda.

The income capitalization approach supports two methodologies: direct capitalization, where an overall rate is extracted directly from market sales in which the net income is known or can be closely estimated, and the Discounted Cash Flow Analysis, whereby anticipated future income streams and a reversionary value are discounted to a net present value conclusion.

Today, the most appropriate technique to use in deriving at an indication of value for the subject property is a discounted cash flow analysis (DCF). This technique is widely accepted by the class of investors in the market for this type of property and more closely follows typical investor thinking. In making a cash flow analysis, assumptions must be made regarding the income, vacancy, and operating expenses for the first year of operation. In addition to these estimates, the appraiser must select both the proper discount rate with which to process the cash flows, and then the proper overall rate to apply to the last year's cash flow in anticipation of a sale in order to arrive at a reversion value.

Departmental Revenues

Rooms Revenues

Rooms revenues were calculated earlier in the Local Hotel Market Analysis & Room Revenue Projection section. Room revenue is calculated by multiplying the available room nights by the projected RevPAR. The room revenue projections are presented below:

Revenue and Occupancy Forecast

	1	2	3	4	5
Year	2023	2024	2025	2026	2027
Hotel Rooms	264	264	260	260	260
Available Nights	365	366	365	365	365
Available Room Nights	96,360	96,624	94,900	94,900	94,900
Occupied Room Nights	81,906	82,130	85,410	85,410	85,410
Occupancy	85.0%	85.0%	90.0%	90.0%	90.0%
ADR	$335.00	$345.05	$400.00	$412.00	$424.36
ADR Growth		3.0%	15.9%	3.0%	3.0%
RevPAR	$284.75	$293.29	$360.00	$370.80	$381.92
RevPAR Growth Yr/Yr (%)		3.0%	22.7%	3.0%	3.0%
Room Revenue	$27,438,510	$28,339,095	$34,164,000	$35,188,920	$36,244,588

F&B Revenue

Food & Beverage

Compared on a POR basis	% Rev	POR	PAR	Low	Average	High	Total Dollars
2018 Actual	24.0%	**$98.46**	$30,646				
2019 Actual	22.4%	**$88.17**	$28,604				
2020 Actual	29.3%	**$86.91**	$8,620				
2021 Actual	24.1%	**$82.65**	$19,971				
2022 Actual	18.2%	**$76.21**	$21,981				
Owner's Projections - 2023	18.5%	**$82.18**	$25,589				
CBRE New England & Middle Atlantic	15.6%	**$37.88**	$6,553				
CBRE Over $250	25.1%	**$149.60**	$25,992				
CBRE 150 to 300 Rooms	17.8%	**$40.79**	$7,935				
Comparables (Individual Hotels)				$1.68	$17.78	$55.00	
Appraiser's Forecast (Year 1)		**$36.63**					**$3,000,000**
Implied Stabilized Year (Year 3)		**$30.15**					**$2,575,000**

The subject has a strong F&B component, and we expect that a significant portion of income will be derived from the bars and restaurant following the renovation. Lounge and restaurant spaces within boutique hotels typically generate significant income as they cater to both hotel residents and the general public. The subject's SoHo location is considered extremely active in terms of nightlife with a host of restaurants, nightclubs and bars within this destination area. The subject's restaurant is highly regarded by local residents. Ownership's reported revenue in 2019 at $7,551,513 or 22.4% of total revenue, which was lower than previous years of $8,047,266 or 24.8% in 2017 and $8,090,598 or 24.0% in 2018. Pre-COVID, ownership projected this revenue to reach $8,710,040 in 2020.

For much of 2020, NYC banned indoor dining. The subject began offering takeout from its restaurant in May 2020 to allow ownership to bring back some of its kitchen staff. Overall, F&B income was $2,275,692 in 2020 and despite COVID continuing throughout 2021, F&B income increased to $5,272,432. Ownership project's this income to reach $7,980,376 in 2022.

Ownership provided us with a term sheet with a reputable F&B operator to manage all of the F&B operations at the hotel with a 15-year term plus a 5-year extension option, subject to satisfaction of certain performance thresholds. According to this agreement, ownership would receive a rent of 9% of Gross Sales, inclusive of CAM and RE tax, as well as an NOI split depending on different revenue levels. There is a minimum guaranteed amount of $1,340,000 increasing at 3% annually until year 5. This agreement would begin in Year 2 of our model and includes the assumption of $2.5 million in TIs, which is included in the $20 million renovation budget.

Therefore, in Year 1, we assume the F&B operations continue as is; however, considering the renovation will begin in Year 1 with the first phase focused on the F&B spaces, we project reduced revenue of $3,000,000. With the agreement beginning in Year 2 and reliance on projections provided by the restaurant group, we project a net F&B revenue of $2,500,000, which includes the minimum guarantee of $1,340,000. We project 3% annual growth thereafter.

Pre-COVID, the F&B department netted $2.1 million (2018) and $1.7 million (2019). Ownership projects $1.6 million in 2023. Our Year 1 F&B income nets $750k under the assumption that there will be a number of months with little to no F&B revenue during the renovation with $2.5 million projected in Year 2. Thus, the historical performance supports our projections of the prospective lease.

Miscellaneous Income

The competitive set indicates that income from other sources, including amenity fees, telephone/internet charges, in-room mini-bars and other sundry items equates to approximately 3% of total revenue.

Other Operated Departments							
Compared on a POR basis	**% Rev**	**POR**	**PAR**	**Low**	**Average**	**High**	**Total Dollars**
2018 Actual	5.8%	**$23.97**	$7,461				
2019 Actual	8.7%	**$34.09**	$11,061				
2020 Actual	12.3%	**$36.41**	$3,612				
2021 Actual	12.3%	**$42.29**	$10,219				
2022 Actual	6.8%	**$28.71**	$8,282				
Owner's Projections - 2023	6.1%	**$27.31**	$8,503				
CBRE New England & Middle Atlantic	3.4%	**$8.23**	$1,423				
CBRE Over $250	7.1%	**$42.51**	$7,385				
CBRE 150 to 300 Rooms	4.6%	**$10.63**	$2,069				
Comparables (Individual Hotels)				$0.06	$12.37	$55.00	
Appraiser's Forecast (Year 1)		**$40.00**					**$2,200,000**
Implied Stabilized Year (Year 3)		**$35.12**					**$3,000,000**

The subject achieved $1,969,791 or 5.8% in 2018, and $2,920,047 or 8.7% of total income in 2019. This increase was due to the amenity fee charged to each guest room. Management increased this amenity fee from $25 to $40 per room per night. The subject generated $953,466 in 2020, which was 12.3% of total income, and $2,697,739 in 2021 or 12.3% of total income. Ownership reported this income at $2,186,342 in 2022 and projects this at $2,244,849 in 2023. We project the subject will generate $2,200,000 or 6.7% of income in Year 1, the majority of which is the amenity fee, increasing to $2,500,000 in Year 2 and to $3,000,000 in Year 3. We project Other Income to grow by 3% annually thereafter.

Operating Expense Analysis

Below we present the financials for years 2018 through 2022 as well as the owner's 2023 budget. In addition, we have reviewed historical statements of comparable hotels to serve as a basis for our forecast of the subject property's income and expense levels. The historical performance is summarized on the following page.

Subject Historical and Projected Revenues and Expenses

	Historical		Historical		Historical		Historical		Historical		Owner's Budget	
Year	**2018**		**2019**		**2020**		**2021**		**2022**		**2023**	
Hotel Units	264		264		264		264		264		264	
Available Room Nights	96,360		96,360		96,624		96,360		96,360		96,360	
Occupancy	85.3%		88.9%		27.1%		66.2%		79.0%		85.3%	
Occupied Room Nights	82,175		85,652		26,185		63,790		76,142		82,208	
ADR	$288.45		$270.91		$172.87		$220.93		$314.41		$334.84	
RevPAR	$245.98		$240.81		$46.92		$146.15		$248.44		$285.66	
Revenue:		%		%		%		%		%		%
Total Room Revenue	$23,703,078	70.2%	$23,204,038	68.9%	$4,533,386	58.4%	$13,890,459	63.5%	$23,939,825	75.0%	$27,526,315	75.4%
F&B Revenue	$8,090,598	24.0%	$7,551,513	22.4%	$2,275,692	29.3%	$5,272,432	24.1%	$5,803,006	18.2%	$6,755,504	18.5%
Other Operated Depts	$1,969,791	5.8%	$2,920,047	8.7%	$953,466	12.3%	$2,697,739	12.3%	$2,186,342	6.8%	$2,244,849	6.1%
Total Revenue	$33,763,467	100.0%	$33,675,598	100.0%	$7,762,544	100.0%	$21,860,631	100.0%	$31,929,173	100.0%	$36,526,668	100.0%
Departmental Expenses:												
Rooms	$10,058,663	42.4%	$10,173,197	43.8%	$6,026,192	132.9%	$8,170,570	58.8%	$10,434,555	43.6%	$11,242,668	40.8%
F&B	$6,008,476	74.3%	$5,815,568	77.0%	$2,672,229	117.4%	$3,777,703	71.7%	$4,655,155	80.2%	$5,122,448	75.8%
Other Operated Depts	$155,531	7.9%	$222,254	7.6%	$79,382	8.3%	$56,873	2.1%	$35,426	1.6%	$35,596	1.6%
Total	$16,222,671	48.0%	$16,211,019	48.1%	$8,777,803	113.1%	$12,005,146	54.9%	$15,125,136	47.4%	$16,400,712	44.9%
Gross Operating Income	$17,540,796	52.0%	$17,464,579	51.9%	($1,015,259)	-13.1%	$9,855,485	45.1%	$16,804,037	52.6%	$20,125,956	55.1%
Undistributed Expenses:												
Administrative & General	$2,492,139	7.4%	$2,692,562	8.0%	$1,455,390	18.7%	$2,115,843	9.7%	$3,174,171	9.9%	$3,166,402	8.7%
IT Systems	$354,144	1.0%	$325,151	1.0%	$279,820	3.6%	$255,700	1.2%	$352,938	1.1%	$333,845	0.9%
Sales and Marketing	$1,348,034	4.0%	$1,400,417	4.2%	$975,249	12.6%	$913,198	4.2%	$1,303,379	4.1%	$1,681,917	4.6%
Property Maintenance	$1,606,077	4.8%	$1,771,949	5.3%	$1,538,890	19.8%	$1,583,445	7.2%	$1,903,630	6.0%	$2,076,474	5.7%
Energy/Utilities	$662,258	2.0%	$672,427	2.0%	$581,824	7.5%	$668,840	3.1%	$902,560	2.8%	$1,061,494	2.9%
Total	$6,462,652	19.1%	$6,862,506	20.4%	$4,831,173	62.2%	$5,537,025	25.3%	$7,636,678	23.9%	$8,320,132	22.8%
GOP	$11,078,144	32.8%	$10,602,073	31.5%	($5,846,432)	-75.3%	$4,318,460	19.8%	$9,167,359	28.7%	$11,805,824	32.3%
Fixed Expenses:												
Real Estate Taxes	$2,303,195	6.8%	$2,813,943	8.4%	$3,286,925	42.3%	$2,449,517	11.2%	$2,613,022	8.2%	$2,737,508	7.5%
Insurance	$133,951	0.4%	$139,195	0.4%	$91,700	1.2%	$159,531	0.7%	$173,406	0.5%	$188,714	0.5%
Other Income	($9,138)	0.0%										
Management Fee	$681,458	2.0%	$1,009,883	3.0%	$232,876	3.0%	$583,563	2.7%	$606,874	1.9%	$1,095,800	3.0%
Miscellaneous	$340,869	1.0%	$39,920	0.1%	$109,948	1.4%	($1,866,114)	-8.5%	($4,575,609)	-14.3%	$48,997	0.1%
Total	$3,450,335	10.2%	$4,002,941	11.9%	$3,721,449	47.9%	$1,326,497	6.1%	($1,182,307)	-3.7%	$4,071,019	11.1%
NOI before FF&E Reserve	**$7,627,807**	**22.6%**	**$6,599,132**	**19.6%**	**($9,567,881)**	**-123.3%**	**$2,991,963**	**13.7%**	**$10,349,666**	**32.4%**	**$7,734,805**	**21.2%**
FF&E Reserve	$0	0.0%	$1,346,529	4.0%	$302,196	3.9%	$845,146	3.9%	$1,138,676	3.6%	$1,461,067	4.0%
NOI after FF&E Reserve	**$7,627,807**	**22.6%**	**$5,252,603**	**15.6%**	**($9,870,077)**	**-127.2%**	**$2,146,817**	**9.8%**	**$9,210,990**	**28.8%**	**$6,273,738**	**17.2%**
Operating Expense Ratio		77.4%		84.4%		227.2%		86.3%		67.6%		78.8%

Subject Historical and Projected Revenues and Expenses PAR and POR

	Historical		Historical		Historical		Historical		Historical		Owner's Budget	
Year	**2018**		**2019**		**2020**		**2021**		**2022**		**2023**	
	PAR	**POR**	**PAR**	**POR**	**PAR**	**POR**	**PAR**	**POR**	**PAR**	**POR**	**PAR**	**POR**
Total Room Revenue	$89,784	$288.45	$87,894	$270.91	$17,172	$173.13	$52,615	$217.75	$90,681	$314.41	$104,266	$334.84
F&B Revenue	$30,646	$98.46	$28,604	$88.17	$8,620	$86.91	$19,971	$82.65	$21,981	$76.21	$25,589	$82.18
Misc Revenue	$7,461	$23.97	$11,061	$34.09	$3,612	$36.41	$10,219	$42.29	$8,282	$28.71	$8,503	$27.31
Total Revenue	$127,892	$410.87	$127,559	$393.17	$29,404	$296.45	$82,805	$342.70	$120,944	$419.34	$138,359	$444.32
Departmental Expenses												
Rooms	$38,101	$122.41	$38,535	$118.77	$22,826	$230.14	$30,949	$128.08	$39,525	$137.04	$42,586	$136.76
F&B	$22,759	$73.12	$22,029	$67.90	$10,122	$102.05	$14,309	$59.22	$17,633	$61.14	$19,403	$62.31
Other	$589	$1.89	$842	$2.59	$301	$3.03	$215	$0.89	$134	$0.47	$135	$0.43
Total	$61,450	$197.42	$61,405	$189.27	$33,249	$335.22	$45,474	$188.20	$57,292	$198.64	$62,124	$199.50
Gross Operating Income	$66,442	$213.46	$66,154	$203.90	-$3,846	-$38.77	$37,331	$154.50	$63,652	$220.69	$76,235	$244.82
Undistributed Expenses												
A&G	$9,440	$30.33	$10,199	$31.44	$5,513	$55.58	$8,015	$33.17	$12,023	$41.69	$11,994	$38.52
IT Systems	$1,341	$4.31	$1,232	$3.80	$1,060	$10.69	$969	$4.01	$1,337	$4.64	$1,265	$4.06
Marketing	$5,106	$16.40	$5,305	$16.35	$3,694	$37.24	$3,459	$14.32	$4,937	$17.12	$6,371	$20.46
Property Maintenance	$6,084	$19.54	$6,712	$20.69	$5,829	$58.77	$5,998	$24.82	$7,211	$25.00	$7,865	$25.26
Energy / Utilities	$2,509	$8.06	$2,547	$7.85	$2,204	$22.22	$2,533	$10.48	$3,419	$11.85	$4,021	$12.91
Total	$24,480	$78.64	$25,994	$80.12	$18,300	$184.50	$20,974	$86.80	$28,927	$100.30	$31,516	$101.21
GOP	$41,963	$134.81	$40,159	$123.78	-$22,146	-$223.27	$16,358	$67.70	$34,725	$120.40	$44,719	$143.61
Fixed Expenses												
Real Estate Taxes	$8,724	$28.03	$10,659	$32.85	$12,450	$125.53	$9,278	$38.40	$9,898	$34.32	$10,369	$33.30
Insurance	$507	$1.63	$527	$1.63	$347	$3.50	$604	$2.50	$657	$2.28	$715	$2.30
Management Fee	$2,581	$8.29	$3,825	$11.79	$882	$8.89	$2,210	$9.15	$2,299	$7.97	$4,151	$13.33
Miscellaneous	$1,291	$4.15	$151	$0.47	$416	$4.20	-$7,069	-$29.25	-$17,332	-$60.09	$186	$0.60
Total	$13,069	$41.99	$15,163	$46.73	$14,096	$142.12	$5,025	$20.79	-$4,478	-$15.53	$15,421	$49.52
NOI	$28,893	$92.82	$24,997	$77.05	-$36,242	-$365.39	$11,333	$46.90	$39,203	$135.93	$29,299	$94.09

Below we present expense information for a set of five upscale, upper-upscale, and luxury hotels in Manhattan. We present the expenses as a percentage of revenue, per occupied room (POR), and per available room (PAR). The comparable set indicates an appropriate level of operating expenses for the subject property. In order to preserve confidentiality, the names and addresses are not included.

Comparable Income & Expenses as a % of Revenue

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Min	Max	Average
REVENUE								
Rooms	76.1%	94.3%	85.2%	98.5%	97.7%	76.1%	98.5%	90.3%
Food & Beverage	23.8%	4.4%	N/A	0.7%	1.6%	0.7%	23.8%	7.6%
Telephone	N/A	N/A	N/A	N/A	N/A	0	0	N/A
Other Operated Departments	0.0%	1.3%	14.8%	0.9%	0.7%	0.0%	14.8%	3.5%
Other Income	0.1%	N/A	N/A	N/A	N/A	0.1%	0.1%	0.1%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Departmental Expenses								
Rooms	46.7%	22.1%	23.6%	23.0%	23.2%	22.1%	46.7%	27.7%
Food & Beverage	2.5%	100.6%	N/A	50.0%	128.2%	2.5%	128.2%	70.3%
Other Operated Departments	N/A	12.0%	7.7%	11.7%	194.9%	7.7%	194.9%	56.6%
Total	**36.1%**	**25.4%**	**21.2%**	**23.1%**	**26.2%**	**21.2%**	**36.1%**	**26.4%**
Departmental Income	**63.9%**	**74.6%**	**78.8%**	**76.9%**	**73.8%**	**63.9%**	**78.8%**	**73.6%**
Operating Expenses								
General & Administrative	4.9%	7.5%	10.8%	7.0%	8.4%	4.9%	10.8%	7.7%
Informational Systems	0.1%	1.4%	N/A	0.5%	N/A	0.1%	1.4%	0.7%
Sales and Marketing	3.0%	6.3%	5.4%	7.1%	2.7%	2.7%	7.1%	4.9%
Franchise Fee*	N/A	6.1%	N/A	5.0%	N/A	5.0%	6.1%	5.6%
Prop. Operations & Maint.	9.6%	3.2%	3.7%	2.6%	3.3%	2.6%	9.6%	4.5%
Utilities	6.5%	2.3%	3.7%	2.3%	2.6%	2.3%	6.5%	3.5%
Payroll & Benefits	N/A	N/A	N/A	N/A	N/A	0.0%	0.0%	N/A
Total	**24.1%**	**26.5%**	**23.5%**	**24.4%**	**17.0%**	**17.0%**	**26.5%**	**23.1%**
Gross Operating Profit	**39.8%**	**48.1%**	**55.2%**	**52.5%**	**56.8%**	**39.8%**	**56.8%**	**50.5%**
Fixed Expenses								
Property Taxes	18.4%	10.9%	16.4%	12.4%	15.7%	10.9%	18.4%	14.8%
Insurance	2.5%	0.5%	1.3%	0.5%	2.1%	0.5%	2.5%	1.4%
Management Fee	3.0%	3.0%	5.5%	3.0%	4.3%	3.0%	5.5%	3.8%
Total	**23.9%**	**14.4%**	**23.2%**	**15.9%**	**22.1%**	**14.4%**	**23.9%**	**19.9%**
Total Expenses	**84.0%**	**66.3%**	**68.0%**	**63.4%**	**65.3%**	**63.4%**	**84.0%**	**69.4%**
Reserve for Replacement	N/A	4.0%	N/A	2.7%	4.3%	2.7%	4.3%	3.7%
Net Income	**16.0%**	**29.7%**	**32.0%**	**33.9%**	**30.4%**	**16.0%**	**33.9%**	**28.4%**

Comparable Income & Expenses on a POR Basis

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Min	Max	Average
REVENUE								
Rooms	175.86	241.08	317.10	243.20	188.52	175.86	317.10	233.15
Food & Beverage	55.00	11.35	N/A	1.68	3.08	1.68	55.00	17.78
Telephone	N/A	N/A	N/A	N/A	N/A	0.00	0.00	N/A
Other Operated Departments	0.06	3.29	55.00	2.10	1.39	0.06	55.00	12.37
Other Income	0.27	N/A	N/A	N/A	N/A	0.27	0.27	0.27
Total	**231.19**	**255.72**	**372.10**	**246.98**	**192.99**	**192.99**	**372.10**	**259.80**
Departmental Expenses								
Rooms	82.04	53.21	74.72	55.98	43.83	43.83	82.04	61.96
Food & Beverage	1.35	11.43	N/A	0.84	3.95	0.84	11.43	4.39
Other Operated Departments	N/A	0.39	4.26	0.25	2.72	0.25	4.26	1.90
Total	**83.39**	**65.03**	**78.98**	**57.07**	**50.49**	**50.49**	**83.39**	**66.99**
Departmental Income	**147.79**	**190.70**	**293.12**	**189.91**	**142.50**	**142.50**	**293.12**	**192.80**
Operating Expenses								
General & Administrative	11.25	19.27	40.05	17.34	16.20	11.25	40.05	20.82
Informational Systems	0.33	3.48	N/A	1.30	N/A	0.33	3.48	1.70
Sales and Marketing	7.02	16.12	20.14	17.44	5.13	5.13	20.14	13.17
Franchise Fee*	N/A	14.80	N/A	12.16	N/A	12.16	14.80	13.48
Prop. Operations & Maint.	22.12	8.25	13.60	6.39	6.39	6.39	22.12	11.35
Utilities	14.94	5.82	13.79	5.68	5.08	5.08	14.94	9.06
Payroll & Benefits	N/A	N/A	N/A	N/A	N/A	0.00	0.00	N/A
Total	**55.67**	**67.73**	**87.57**	**60.30**	**32.80**	**32.80**	**87.57**	**60.82**
Gross Operating Profit	**92.12**	**122.96**	**205.54**	**129.61**	**109.70**	**92.12**	**205.54**	**131.99**
Fixed Expenses								
Property Taxes	42.44	27.91	61.07	30.61	30.33	27.91	61.07	38.47
Insurance	5.86	1.28	4.88	1.23	4.02	1.23	5.86	3.45
Management Fee	6.94	7.67	20.47	7.41	8.32	6.94	20.47	10.16
Total	**55.23**	**36.86**	**86.42**	**39.26**	**42.66**	**36.86**	**86.42**	**52.08**
Total Expenses	**194.29**	**169.62**	**252.97**	**156.63**	**125.95**	**125.95**	**252.97**	**179.89**
Reserve for Replacement	N/A	10.23	N/A	6.61	8.32	6.61	10.23	8.38
Net Income	**36.89**	**75.87**	**119.13**	**83.75**	**58.72**	**36.89**	**119.13**	**74.87**

Comparable Income & Expenses on a PAR Basis

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Min	Max	Average
REVENUE								
Rooms	48,783	84,473	57,871	86,991	66,056	48,783	86,991	68,835
Food & Beverage	15,257	3,978	N/A	602	1,080	602	15,257	5,229
Telephone	N/A	N/A	N/A	N/A	N/A	0	0	N/A
Other Operated Departments	15	1,154	10,037	753	489	15	10,037	2,490
Other Income	75	N/A	N/A	N/A	N/A	75	75	75
Total	**64,131**	**89,606**	**67,908**	**88,346**	**67,625**	**64,131**	**89,606**	**75,523**
Departmental Expenses								
Rooms	22,758	18,645	13,636	20,024	15,357	13,636	22,758	18,084
Food & Beverage	376	4,004	N/A	301	1,384	301	4,004	1,516
Other Operated Departments	N/A	138	778	88	952	88	952	489
Total	**23,134**	**22,786**	**14,414**	**20,413**	**17,693**	**14,414**	**23,134**	**19,688**
Departmental Income	**40,998**	**66,820**	**53,494**	**67,932**	**49,932**	**40,998**	**67,932**	**55,835**
Operating Expenses								
General & Administrative	3,121	6,750	7,309	6,201	5,676	3,121	7,309	5,812
Informational Systems	93	1,218	N/A	464	N/A	93	1,218	592
Sales and Marketing	1,948	5,649	3,675	6,237	1,797	1,797	6,237	3,861
Franchise Fee*	N/A	5,185	N/A	4,350	N/A	4,350	5,185	4,768
Prop. Operations & Maint.	6,137	2,891	2,481	2,286	2,238	2,238	6,137	3,207
Utilities	4,144	2,040	2,517	2,033	1,781	1,781	4,144	2,503
Payroll & Benefits	N/A	N/A	N/A	N/A	N/A	0	0	N/A
Total	**15,443**	**23,734**	**15,982**	**21,571**	**11,493**	**11,493**	**23,734**	**17,645**
Gross Operating Profit	**25,554**	**43,086**	**37,512**	**46,362**	**38,439**	**25,554**	**46,362**	**38,190**
Fixed Expenses								
Property Taxes	11,772	9,779	11,145	10,950	10,626	9,779	11,772	10,854
Insurance	1,625	449	891	442	1,408	442	1,625	963
Management Fee	1,924	2,688	3,735	2,650	2,914	1,924	3,735	2,782
Total	**15,320**	**12,915**	**15,771**	**14,042**	**14,948**	**12,915**	**15,771**	**14,599**
Total Expenses	**53,897**	**59,435**	**46,167**	**56,026**	**44,134**	**44,134**	**59,435**	**51,932**
Reserve for Replacement	N/A	3,584	N/A	2,364	2,914	2,364	3,584	2,954
Net Income	**10,234**	**26,586**	**21,740**	**29,956**	**20,576**	**10,234**	**29,956**	**21,819**

We also present the 2022 CBRE Trends Report for all full-service hotels in New England & Middle Atlantic, full-service hotels between 150 and 300 rooms, and full-service hotels with ADR over 250.

2021 CBRE Data

Full-Service Hotels in New England & Middle Atlantic, with ADR of Over $250, 150 to 300 Rooms

	150 to 300 Rooms			Over $250			New England & Middle Atlantic		
	2021 Percent of Revenue	2021 Dollars per Occupied Room	2021 Dollars per Available Room	2021 Percent of Revenue	2021 Dollars per Occupied Room	2021 Dollars per Available Room	2021 Percent of Revenue	2021 Dollars per Occupied Room	2021 Dollars per Available Room
Revenues									
Rooms	75.0%	$172.37	$33,535	64.7%	$385.02	$66,894	78.2%	$189.62	$32,805
Food and Beverage	17.8%	$40.79	$7,935	25.1%	$149.60	$25,992	15.6%	$37.88	$6,553
Other Operated Departments	4.6%	$10.63	$2,069	7.1%	$42.51	$7,385	3.4%	$8.23	$1,423
Miscellaneous Income	2.6%	$5.89	$1,145	3.0%	$17.87	$3,104	2.7%	$6.62	$1,145
Total Operating Revenue	100.0%	$229.68	$44,684	100.0%	$594.99	$103,375	100.0%	$242.34	$41,926
Departmental Expenses*									
Rooms	26.3%	$45.35	$8,822	27.4%	$105.36	$18,305	31.4%	$59.58	$10,307
Food and Beverage	77.7%	$31.70	$6,167	82.9%	$124.02	$21,548	87.6%	$33.18	$5,741
Other Operated Departments	48.2%	$5.13	$998	54.7%	$23.25	$4,040	45.7%	$3.76	$650
Total Departmental Expenses	35.8%	$82.18	$15,987	42.5%	$252.63	$43,893	39.8%	$96.52	$16,698
Total Departmental Profit	64.2%	$147.51	$28,697	57.5%	$342.36	$59,482	60.2%	$145.82	$25,228
Undistributed Operating Expenses									
Administrative and General	10.5%	$24.01	$4,671	10.0%	$59.74	$10,379	11.5%	$27.89	$4,826
Information and Telecommunications Systems	1.9%	$4.26	$829	1.8%	$10.71	$1,861	2.2%	$5.28	$913
Sales and Marketing	10.4%	$23.90	$4,650	7.6%	$45.35	$7,879	9.9%	$23.92	$4,139
Property Operation and Maintenance	5.6%	$12.94	$2,518	5.3%	$31.47	$5,468	6.9%	$16.72	$2,893
Utilities	4.3%	$9.85	$1,917	3.3%	$19.60	$3,405	5.2%	$12.52	$2,166
Total Undistributed Expenses	32.6%	$74.97	$14,585	28.0%	$166.87	$28,992	35.6%	$86.34	$14,937
Gross Operating Profit	31.6%	$72.54	$14,112	29.5%	$175.49	$30,490	24.5%	$59.48	$10,291
Management Fees	3.2%	$7.37	$1,433	3.0%	$17.66	$3,068	3.4%	$8.52	$1,218
Income Before Non-Operating Income and Expense	28.4%	$65.17	$12,679	26.5%	$157.83	$27,422	21.6%	$50.96	$9,073
Non-Operating Income and Expenses									
Income	2.1%	$4.93	$959	0.2%	$1.21	$210	1.2%	$2.80	$484
Rent	2.8%	$6.43	$1,250	0.9%	$5.14	$893	2.0%	$4.92	$851
Property and Other Taxes	5.9%	$13.54	$2,634	6.0%	$35.71	$6,204	10.7%	$25.90	$4,481
Insurance	1.7%	$4.00	$778	1.6%	$9.39	$1,632	1.5%	$3.69	$638
Other	0.3%	$0.76	$148	2.0%	$12.18	$2,116	1.9%	$4.72	$817
Total Non-Operating Income and Expenses	12.9%	$29.65	$5,769	10.7%	$63.63	$11,055	17.3%	$42.03	$7,271
EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)	15.5%	$35.52	$6,910	15.8%	$94.20	$16,367	4.3%	$8.94	$1,802
Percent of Occupancy	53.3 %			47.6 %			47.4 %		
Average Daily Rate	$172.50			$384.69			$189.64		
RevPAR	$91.87			$183.25			$89.87		
Average Size (Rooms)	212			248			244		

Departmental Expenses

Departmental expenses are those expense items that are attributable to a specific profit center. Departmental expenses are discussed as follows:

Rooms

Rooms expense consists of salaries and wages, employee benefits, commissions, contract cleaning, guest transportation, laundry and dry cleaning, linen, operating supplies, reservation costs, uniforms, contract services, and other items related to the rooms department. Typically, hotels spend approximately 20% to 40% of revenue on room expenses. The common unit of comparison is per occupied room.

Rooms

Compared on a POR basis	% Rev	POR	PAR	Low	Average	High	Total Dollars
2018 Actual	42.4%	**$122.41**	$38,101				
2019 Actual	43.8%	**$118.77**	$38,535				
2020 Actual	132.9%	**$230.14**	$22,826				
2021 Actual	58.8%	**$128.08**	$30,949				
2022 Actual	43.6%	**$137.04**	$39,525				
Owner's Projections - 2023	40.8%	**$136.76**	$42,586				
CBRE New England & Middle	31.4%	**$59.58**	$10,307				
CBRE Over $250	27.4%	**$105.36**	$18,305				
CBRE 150 to 300 Rooms	26.3%	**$45.35**	$8,822				
Comparables (Individual Hotels)				$43.83	$61.96	$82.04	
Appraiser's Forecast (Year 1)		**$137.00**					**$11,221,122**
Implied Stabilized Year (Year 3)		**$145.34**					**$12,413,771**

Ownership's 2023 budget projects this expense at $136.76 POR or 40.8% of room revenue. It is important to note that ownership was able to achieve cost savings and efficiencies in this line item during COVID that they are able to carry forward. Ownership was able to release some staff during COVID and found that they can operate similarly with less staff.

Based upon the foregoing and with emphasis on the subject's historical expense, our first year projection is $137.00 POR or $11,221,122, which is 40.9% of room revenue. We project this expense will increase by 3% annually on a POR basis. By Year 3, this equates to $145.34 POR.

F&B Department

Food & Beverage Compared as a Percentage of F&B Revenue	% Rev	POR	PAR	Low	Average	High	Total Dollars
2018 Actual	**74.3%**	$73.12	$22,759				
2019 Actual	**77.0%**	$67.90	$22,029				
2020 Actual	**117.4%**	$102.05	$10,122				
2021 Actual	**71.7%**	$59.22	$14,309				
2022 Actual	**80.2%**	$61.14	$17,633				
Owner's Projections - 2023	**75.8%**	$62.31	$19,403				
CBRE New England & Middle Atlantic	**87.6%**	$33.18	$5,741				
CBRE Over $250	**82.9%**	$124.02	$21,548				
CBRE 150 to 300 Rooms	**77.7%**	$31.70	$6,167				
Comparables (Individual Hotels)				2.5%	70.3%	128.2%	
Appraiser's Forecast (Year 1)	**75.0%**						**$2,250,000**

In Year 1, ownership's budget projects this expense at 75.8% of F&B Revenue. With consideration of the comparable expenses and emphasis on the subject's historical expense, we project this expense at 75.0% of F&B Revenue. Given the agreement with a reputable F&B operator and as we are projecting a net F&B revenue beginning in Year 2, we do not project any F&B expense beginning in Year 2.

Miscellaneous Income

Other Operated Departments Compared as a Percentage of OOD Revenue	% Rev	POR	PAR	Low	Average	High	Total Dollars
2018 Actual	**7.9%**	$1.89	$589				
2019 Actual	**7.6%**	$2.59	$842				
2020 Actual	**8.3%**	$3.03	$301				
2021 Actual	**2.1%**	$0.89	$215				
2022 Actual	**1.6%**	$0.47	$134				
Owner's Projections - 2023	**1.6%**	$0.43	$135				
CBRE New England & Middle Atlantic	**45.7%**	$3.76	$650				
CBRE Over $250	**54.7%**	$23.25	$4,040				
CBRE 150 to 300 Rooms	**48.2%**	$5.13	$998				
Comparables (Individual Hotels)				7.7%	56.6%	194.9%	
Appraiser's Forecast (Year 1)	**1.6%**						**$35,200**
Implied Stabilized Year (Year 3)	**1.3%**						**$38,941**

As discussed previously, there are typically little to no expenses associated with these miscellaneous revenue sources. Ownership's historical expense was 7.9%, 7.6%, 8.3%, 2.1%, and 1.6% in the past four years. Ownership projects this expense at 1.6% of other income in 2023. We consider that there are no expenses associated with the amenity fee, which makes up most of the miscellaneous income.

With emphasis on the subject's historical expense, we estimate this at 1.6% of other income or $35,200 in Year. We project this expense to increase by 3% annually on a POR basis.

Operating Costs and Expenses

Undistributed operating expenses are those expenses associated with the general operation of a hotel. These expenses include administrative and general, marketing, utility costs, and property operations and maintenance. These expenses are relatively unaffected by fluctuations in occupancies and room rates. These expenses are typically forecast on a per available room basis ("PAR") with the exception of Utilities, which considers occupancy.

Administrative & General

This category includes expense items such as contract labor, equipment rental, customer relations, supplies, dues and subscriptions, contract services, audit fees, licenses and permits, and other items normally associated with these categories. This expense is typically estimated on a per available room ("PAR") basis. We previously included the subject's Information and Telecomm Systems within this category but have now broken that expense out and projected it separately.

General & Administrative

Compared on a PAR basis	% Rev	POR	PAR	Low	Average	High	Total Dollars
2018 Actual	7.4%	$30.33	**$9,440**				
2019 Actual	8.0%	$31.44	**$10,199**				
2020 Actual	18.7%	$55.58	**$5,513**				
2021 Actual	9.7%	$33.17	**$8,015**				
2022 Actual	9.9%	$41.69	**$12,023**				
Owner's Projections - 2023	8.7%	$38.52	**$11,994**				
CBRE New England & Middle Atlantic	11.5%	$27.89	**$4,826**				
CBRE Over $250	10.0%	$59.74	**$10,379**				
CBRE 150 to 300 Rooms	10.5%	$24.01	**$4,671**				
Comparables (Individual Hotels)				$3,121	$5,812	$7,309	
Appraiser's Forecast (Year 1)			**$12,000**				**$3,168,000**
Implied Stabilized Year (Year 3)			**$12,731**				**$3,310,008**

CBRE reported this expense at $10,379 PAR for those in the subject's rate bracket. Historically, ownership reported this expense at $9,440, $10,199, $5,513, $8,015, and $12,023 on a PAR basis over the last five years and projects this expense at $11,994 PAR in 2023. It is important to note that ownership was able to achieve cost savings and efficiencies in this line item during COVID that they are able to carry forward. Further, as management positions are non-union, ownership was able to eliminate some positions and rehire at lower wages. In addition, credit card commissions are much lower in years with lower revenue.

With emphasis on the historical expense at the subject hotel, we forecast this expense at $12,000 PAR or $3,168,000 in Year 1. We project this expense to grow by 3% annually on a PAR basis.

IT Systems

These expenses arise from a property's internet and telephone systems. Up to the last few years, telephone expenses had largely been eliminated as a separate cost center from income statements due to the dwindling use of hotel telephone systems. However, as technological requirements and guest expectations have risen over the past five years, so have the costs to maintain internet, computer, and telecommunication systems. As a large part of these costs are fixed and are independent of occupancy, the most appropriate method of analysis is dollars per available room.

Information & Systems

Compared on a PAR basis	% Rev	POR	PAR	Low	Average	High	Total Dollars
2018 Actual	1.0%	$4.31	**$1,341**				
2019 Actual	1.0%	$3.80	**$1,232**				
2020 Actual	3.6%	$10.69	**$1,060**				
2021 Actual	1.2%	$4.01	**$969**				
2022 Actual	1.1%	$4.64	**$1,337**				
Owner's Projections - 2023	0.9%	$4.06	**$1,265**				
CBRE New England & Middle Atlantic	2.2%	$5.28	**$913**				
CBRE Over $250	1.8%	$10.71	**$1,861**				
CBRE 150 to 300 Rooms	1.9%	$4.26	**$829**				
Comparables (Individual Hotels)				N/A	$591.59	N/A	
Appraiser's Forecast (Year 1)			**$1,275**				**$336,600**
Implied Stabilized Year (Year 3)			**$1,353**				**$351,688**

We previously included this expense into the Administrative & General expense category above. CBRE reported this expense at $1,861 PAR for those in the subject's rate bracket.

Historically, ownership reported this expense at $1,341, $1,232, $1,060, $969, and $1,337 on a PAR basis over the last five years and projects this expense at $1,265 PAR in 2023.

With emphasis on the subject's historical and projected expense, we project this expense at $1,275 PAR in Year 1, which equates to 1.0% of revenues, growing by 3% annually on a PAR basis.

Sales & Marketing

This category includes related salaries, brochures, entertainment, promotions, advertising, telephone expense, etc.

Sales & Marketing

Compared as a Percentage of Total Revenue	% Rev	POR	PAR	Low	Average	High	Total Dollars
2018 Actual	**4.0%**	$16.40	$5,106				
2019 Actual	**4.2%**	$16.35	$5,305				
2020 Actual	**12.6%**	$37.24	$3,694				
2021 Actual	**4.2%**	$14.32	$3,459				
2022 Actual	**4.1%**	$17.12	$4,937				
Owner's Projections - 2023	**4.6%**	$20.46	$6,371				
CBRE New England & Middle Atlantic	**9.9%**	$23.92	$4,139				
CBRE Over $250	**7.6%**	$45.35	$7,879				
CBRE 150 to 300 Rooms	**10.4%**	$23.90	$4,650				
Comparables (Individual Hotels)				2.7%	4.9%	7.1%	
Appraiser's Forecast (Year 1)	**4.5%**						**$1,501,371**
Implied Stabilized Year (Year 3)	**4.0%**						**$1,589,560**

The competitive set indicated this at 4.9%of revenue on average. CBRE reported this expense at 7.6% of revenues for those in the subject's rate bracket. Ownership reported this expense at 4.0% of revenue in 2018, 4.2% in 2019, 12.6% in 2020, 4.2% of revenue in 2021, and 4.1% in 2022. Ownership's 2023 budget projects this expense at 4.6% of total revenue. With consideration of the comparables and emphasis on the subject's historical expense, we project this expense at 4.5% of revenue in Years 1 and 2, dropping to 4.0% of revenue by Year 3 and for the remainder of the analysis period.

Property Operations and Maintenance

The age of a lodging facility has a strong influence on the required level of maintenance. A new or thoroughly renovated property is protected for several years by modern equipment and manufacturers' warranties. However, as a hotel grows older, maintenance expenses escalate. A well-organized preventive maintenance system often helps delay deterioration, but most facilities face higher property operations and maintenance costs each year, regardless of the occupancy trend. The quality of initial construction can also have a direct impact on future maintenance requirements. The use of high-quality building materials and construction methods generally reduces the need for maintenance expenditures over the long term.

This category includes repair and maintenance expense items and related salaries, supplies, electrical and mechanical repair, plumbing and heating repair, grounds maintenance, garbage collection, etc. These expenses are generally estimated on a per available room basis.

Property Operations & Maintenance

Compared on a PAR basis	% Rev	POR	PAR	Low	Average	High	Total Dollars
2018 Actual	4.8%	$19.54	**$6,084**				
2019 Actual	5.3%	$20.69	**$6,712**				
2020 Actual	19.8%	$58.77	**$5,829**				
2021 Actual	7.2%	$24.82	**$5,998**				
2022 Actual	6.0%	$25.00	**$7,211**				
Owner's Projections - 2023	5.7%	$25.26	**$7,865**				
CBRE New England & Middle Atlantic	6.9%	$16.72	**$2,893**				
CBRE Over $250	5.3%	$31.47	**$5,468**				
CBRE 150 to 300 Rooms	5.6%	$12.94	**$2,518**				
Comparables (Individual Hotels)				$2,238	$3,207	$6,137	
Appraiser's Forecast (Year 1)			**$7,700**				**$2,032,800**
Implied Stabilized Year (Year 3)			**$8,169**				**$2,123,922**

CBRE reported this expense at $5,468 PAR for those in the subject's rate bracket. Ownership's 2023 budget projects this expense at $7,865 PAR. Considering that the subject is fairly newly constructed (built in 2011) and the significant renovation that is set to take place in Years 1 and 2, we estimate a property operations and maintenance expense of $7,700 PAR or $2,032,800 in Year 1, growing 3% annually on a PAR basis.

Utilities

Lodging facilities generally consume utilities including water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The largest expenditures are generally for electricity, natural gas, or fuel for heating (gas, fuel oil, or steam). These expenses are generally estimated on a per occupied room basis.

Utilities

Compared on a POR basis	% Rev	POR	PAR	Low	Average	High	Total Dollars
2018 Actual	2.0%	**$8.06**	$2,509				
2019 Actual	2.0%	**$7.85**	$2,547				
2020 Actual	7.5%	**$22.22**	$2,204				
2021 Actual	3.1%	**$10.48**	$2,533				
2022 Actual	2.8%	**$11.85**	$3,419				
Owner's Projections - 2023	2.9%	**$12.91**	$4,021				
CBRE New England & Middle Atlantic	5.2%	**$12.52**	$2,166				
CBRE Over $250	3.3%	**$19.60**	$3,405				
CBRE 150 to 300 Rooms	4.3%	**$9.85**	$1,917				
Comparables (Individual Hotels)				$6.39	$9.06	$14.94	
Appraiser's Forecast (Year 1)		**$13.00**					**$1,064,778**
Implied Stabilized Year (Year 3)		**$13.79**					**$1,177,949**

As fairly new construction (built in 2011), we project the subject has energy efficient systems. Ownership reported this expense ranging from $7.85 to $11.85 POR, excluding 2020, and around 2 to 3% of revenues in a typical year. Ownership's 2023 budget projects this expense at 2.9% of total revenue or $12.91 POR.

Based upon the foregoing, we have forecast this at $13.00 POR in Year 1, which equates to 3.3% of total revenue, growing by 3% annually on a POR basis.

Fixed Expense

Property Taxes

As discussed in the "Assessed Value and Real Estate Taxes" section of the appraisal, we have projected real estate taxes of $2,905,312 in Year 1 (as we are in the middle of a tax year, we are applying half of the 2022/23 tax liability and half of the 2023/24 tax liability). In year 2, we apply half of the 2023/24 tax liability and assume 3% growth in the second half of the year. As we would expect a bump in assessed value post-renovation, we project a 6.5% increase in taxes in Years 3 and 4. We will project a typical increase in real estate taxes thereafter and project a 3.0% increase per annum.

Insurance

The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage.

Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy.

Insurance							
Compared on a PAR basis	**% Rev**	**POR**	**PAR**	**Low**	**Average**	**High**	**Total Dollars**
2018 Actual	0.4%	$1.63	**$507**				
2019 Actual	0.4%	$1.63	**$527**				
2020 Actual	1.2%	$3.50	**$347**				
2021 Actual	0.7%	$2.50	**$604**				
2022 Actual	0.5%	$2.28	**$657**				
Owner's Projections - 2023	0.5%	$2.30	**$715**				
CBRE New England & Middle Atlantic	1.5%	$3.69	**$638**				
CBRE Over $250	1.6%	$9.39	**$1,632**				
CBRE 150 to 300 Rooms	1.7%	$4.00	**$778**				
Comparables (Individual Hotels)				$442	$963	$1,625	
Appraiser's Forecast (Year 1)			**$715**				**$188,760**
Implied Stabilized Year (Year 3)			**$759**				**$197,221**

Based on the size and service level of the property, and given the recent increases in insurance expense, we estimate this expense at $715 PAR or 0.6% of revenue, growing by 3% annually on a PAR basis.

Management

Management fees are typically structured as a combination of a base percentage of total revenues plus a performance incentive.

Management					
Compared as a Percentage of Total Revenue	**% Rev**	**Low**	**Average**	**High**	**Total Dollars**
2018 Actual	**2.0%**				
2019 Actual	**3.0%**				
2020 Actual	**3.0%**				
2021 Actual	**2.7%**				
2022 Actual	**3.0%**				
Owner's Projections - 2023	**3.0%**				
CBRE New England & Middle Atlantic	**3.4%**				
CBRE Over $250	**3.0%**				
CBRE 150 to 300 Rooms	**3.2%**				
Comparables (Individual Hotels)		3.0%	3.8%	5.5%	
Appraiser's Forecast (Year 1)	**3.0%**				**$889,155**
Implied Stabilized Year (Year 3)	**3.0%**				**$1,114,920**

The comparable hotels exhibit management expenses ranging from 3.0% to 5.0% of total revenues. There is currently a management agreement in place at the subject hotel with Highgate. Ownership reported this expense at 3.0% in 2019 and 2020, 2.7% in 2021, 3.0% in 2022 and projects 3.0% in 2023. We have applied this industry standard expense of 3.0% of gross revenues, excluding the F&B net revenue, in Year 1. The management fee remains at 3.0% in Year 2 and thereafter.

Replacement Reserve

This category accounts for establishing a sinking fund to cover future liabilities associated with the replacement of short and long-lived building components as well as Furnishings, Fixtures, and Equipment (FF&E).

According to information provided within the PricewaterhouseCoopers report, as a percentage of total revenue, the average replacement reserve for the lodging industry ranged from 2.0% to 6.0% and is used for the periodic replacement of (FF&E) during the economic life of the building. These rates have remained relatively unchanged over the past three years, with most forecasts in the 3.0% to 4.0% range.

The owner reported this expense between 3.9% and 4.0% of total revenues over the past years.

Since the subject is relatively new, it is likely that an investor would consider replacement reserves allowance towards the lower end of a typical comparable range. However, we expect that an investor would contribute to the fund consistently over the entire economic life. Further, as the renovation is expected to take place in Years 1 and 2, we have applied a 2.0% allowance for replacement reserves in Years 1 and 2, increasing to 4.0% in Year 3 and thereafter.

Total Expenses (Net of Taxes and Reserves)

Total Expenses

Percentage of Revenue Summary (Net of Taxes & Reserves)	% Rev	POR	PAR	Low	Average	High	Total Dollars
2018 Actual	70.6%	$278.25	$90,274				
2019 Actual	72.0%	$283.27	$91,903				
2020 Actual	180.9%	$163.96	$53,195				
2021 Actual	75.1%	$191.70	$62,194				
2022 Actual	59.4%	$221.44	$71,843				
Owner's Projections - 2023	71.3%	$316.93	$98,691				
CBRE New England & Middle Atlantic	79.9%	$21.37	$3,954				
CBRE Over $250	75.1%	$112.73	$19,586				
CBRE 150 to 300 Rooms	73.4%	$47.63	$9,267				
Comparables (Individual Hotels)				52.5%	54.6%	65.7%	
Appraiser's Forecast (Year 1)	**69.5%**						**$22,687,787**
Implied Stabilized Year (Year 3)	**56.2%**						**$22,317,981**

It is important to present the operating expense ratio excluding taxes and reserves. Excluding 2020, ownership reported an operating expense ratio ranging from 59.4% to 75.1% of total revenue. After accounting for expenses within all categories excluding taxes and reserves, we anticipate the operating expense ratio will equate to 69.5% in Year 1, dropping to 56.2% by our stabilized year, Year 3. Given the significant increase in rate in Year 3, this appears reasonable.

Renovation Costs

We assume a renovation budget of $20 million, with $10 million spent in Year 1 and $10 million in Year 2. This is in addition to the amount budgeted for FF&E.

Historical and Projected Performance

	Historical		Historical		Historical		Historical		Historical		Owner's Budget		Bowery Proforma		Bowery Proforma		Bowery Proforma	
Year	**2018**		**2019**		**2020**		**2021**		**2022**		**2023**		**2023**		**2024**		**2025**	
Hotel Units	264		264		264		264		264		264		264		264		260	
Available Room Nights	96,360		96,360		96,624		96,360		96,360		96,360		96,360		96,624		94,900	
Occupancy	85.3%		88.9%		27.1%		66.2%		79.0%		85.3%		85.0%		85.0%		90.0%	
Occupied Room Nights	82,175		85,652		26,185		63,790		76,142		82,208		81,906		82,130		85,410	
ADR	$288.45		$270.91		$172.87		$220.93		$314.41		$334.84		$335.00		$345.05		$400.00	
RevPAR	$245.98		$240.81		$46.92		$146.15		$248.44		$285.66		$284.75		$293.29		$360.00	
Revenue:		%		%		%		%		%		%		%		%		%
Total Room Revenue	$23,703,078	70.2%	$23,204,038	68.9%	$4,533,386	58.4%	$13,890,459	63.5%	$23,939,825	75.0%	$27,526,315	75.4%	$27,438,510	84.1%	$28,339,095	85.0%	$34,164,000	86.0%
F&B Revenue	$8,090,598	24.0%	$7,551,513	22.4%	$2,275,692	29.3%	$5,272,432	24.1%	$5,803,006	18.2%	$6,755,504	18.5%	$3,000,000	9.2%	$2,500,000	7.5%	$2,575,000	6.5%
Other Operated Depts	$1,969,791	5.8%	$2,920,047	8.7%	$953,466	12.3%	$2,697,739	12.3%	$2,186,342	6.8%	$2,244,849	6.1%	$2,200,000	6.7%	$2,500,000	7.5%	$3,000,000	7.5%
Total Revenue	$33,763,467	100.0%	$33,675,598	100.0%	$7,762,544	100.0%	$21,860,631	100.0%	$31,929,173	100.0%	$36,526,668	100.0%	$32,638,510	100.0%	$33,339,095	100.0%	$39,739,000	100.0%
Departmental Expenses:																		
Rooms	$10,058,663	42.4%	$10,173,197	43.8%	$6,026,192	132.9%	$8,170,570	58.8%	$10,434,555	43.6%	$11,242,668	40.8%	$11,221,122	40.9%	$11,589,421	40.9%	$12,413,771	36.3%
F&B	$6,008,476	74.3%	$5,815,568	77.0%	$2,672,229	117.4%	$3,777,703	71.7%	$4,655,155	80.2%	$5,122,448	75.8%	$2,250,000	75.0%				
Other Operated Depts	$155,531	7.9%	$222,254	7.6%	$79,382	8.3%	$56,873	2.1%	$35,426	1.6%	$35,596	1.6%	$35,200	1.6%	$36,355	1.5%	$38,941	1.3%
Total	$16,222,671	48.0%	$16,211,019	48.1%	$8,777,803	113.1%	$12,005,146	54.9%	$15,125,136	47.4%	$16,400,712	44.9%	$13,506,322	41.4%	$11,625,776	34.9%	$12,452,713	31.3%
Gross Operating Income	$17,540,796	52.0%	$17,464,579	51.9%	($1,015,259)	-13.1%	$9,855,485	45.1%	$16,804,037	52.6%	$20,125,956	55.1%	$19,132,188	58.6%	$21,713,318	65.1%	$27,286,287	68.7%
Undistributed Expenses:																		
Administrative & General	$2,492,139	7.4%	$2,692,562	8.0%	$1,455,390	18.7%	$2,115,843	9.7%	$3,174,171	9.9%	$3,166,402	8.7%	$3,168,000	9.7%	$3,263,040	9.8%	$3,310,008	8.3%
IT Systems	$354,144	1.0%	$325,151	1.0%	$279,820	3.6%	$255,700	1.2%	$352,938	1.1%	$333,845	0.9%	$336,600	1.0%	$346,698	1.0%	$351,688	0.9%
Sales and Marketing	$1,348,034	4.0%	$1,400,417	4.2%	$975,249	12.6%	$913,198	4.2%	$1,303,379	4.1%	$1,681,917	4.6%	$1,501,371	4.6%	$1,533,598	4.6%	$1,589,560	4.0%
Property Maintenance	$1,606,077	4.8%	$1,771,949	5.3%	$1,538,890	19.8%	$1,583,445	7.2%	$1,903,630	6.0%	$2,076,474	5.7%	$2,032,800	6.2%	$2,093,784	6.3%	$2,123,922	5.3%
Energy/Utilities	$662,258	2.0%	$672,427	2.0%	$581,824	7.5%	$668,840	3.1%	$902,560	2.8%	$1,061,494	2.9%	$1,064,778	3.3%	$1,099,726	3.3%	$1,177,949	3.0%
Total	$6,462,652	19.1%	$6,862,506	20.4%	$4,831,173	62.2%	$5,537,025	25.3%	$7,636,678	23.9%	$8,320,132	22.8%	$8,103,549	24.8%	$8,336,846	25.0%	$8,553,127	21.5%
GOP	$11,078,144	32.8%	$10,602,073	31.5%	($5,846,432)	-75.3%	$4,318,460	19.8%	$9,167,359	28.7%	$11,805,824	32.3%	$11,028,639	33.8%	$13,376,472	40.1%	$18,733,160	47.1%
Fixed Expenses:																		
Real Estate Taxes	$2,303,195	6.8%	$2,813,943	8.4%	$3,286,925	42.3%	$2,449,517	11.2%	$2,613,022	8.2%	$2,737,508	7.5%	$2,905,312	8.9%	$3,126,630	9.4%	$3,329,861	8.4%
Insurance	$133,951	0.4%	$139,195	0.4%	$91,700	1.2%	$159,531	0.7%	$173,406	0.5%	$188,714	0.5%	$188,760	0.6%	$194,423	0.6%	$197,221	0.5%
Other Income	($9,138)	0.0%																
Management Fee	$681,458	2.0%	$1,009,883	3.0%	$232,876	3.0%	$583,563	2.7%	$606,874	1.9%	$1,095,800	3.0%	$889,155	2.7%	$925,173	2.8%	$1,114,920	2.8%
Miscellaneous	$340,869	1.0%	$39,920	0.1%	$109,948	1.4%	($1,866,114)	-8.5%	($4,575,609)	-14.3%	$48,997	0.1%						
Total	$3,450,335	10.2%	$4,002,941	11.9%	$3,721,449	47.9%	$1,326,497	6.1%	($1,182,307)	-3.7%	$4,071,019	11.1%	$3,983,227	12.2%	$4,246,225	12.7%	$4,642,002	11.7%
NOI before FF&E Reserve	**$7,627,807**	**22.6%**	**$6,599,132**	**19.6%**	**($9,567,881)**	**-123.3%**	**$2,991,963**	**13.7%**	**$10,349,666**	**32.4%**	**$7,734,805**	**21.2%**	**$7,045,412**	**21.6%**	**$9,130,247**	**27.4%**	**$14,091,158**	**35.5%**
FF&E Reserve	$0	0.0%	$1,346,529	4.0%	$302,196	3.9%	$845,146	3.9%	$1,138,676	3.6%	$1,461,067	4.0%	$652,770	2.0%	$666,782	2.0%	$1,589,560	4.0%
NOI after FF&E Reserve	**$7,627,807**	**22.6%**	**$5,252,603**	**15.6%**	**($9,870,077)**	**-127.2%**	**$2,146,817**	**9.8%**	**$9,210,990**	**28.8%**	**$6,273,738**	**17.2%**	**$6,392,642**	**19.6%**	**$8,463,465**	**25.4%**	**$12,501,598**	**31.5%**
Operating Expense Ratio		77.4%		84.4%		227.2%		86.3%		67.6%		78.8%	$23,340,557	80.4%		74.6%		68.5%

Historical and Projected Performance PAR and POR

	Historical		Historical		Historical		Historical		Historical		Owner's Budget		Bowery Proforma		Bowery Proforma		Bowery Proforma	
Year	**2018**		**2019**		**2020**		**2021**		**2022**		**2023**		**2023**		**2024**		**2025**	
	PAR	**POR**	**PAR**	**POR**	**PAR**	**POR**	**PAR**	**POR**	**PAR**	**POR**	**PAR**	**POR**	**PAR**	**POR**	**PAR**	**POR**	**PAR**	**POR**
Total Room Revenue	$89,784	$288.45	$87,894	$270.91	$17,172	$173.13	$52,615	$217.75	$90,681	$314.41	$104,266	$334.84	$103,934	$335.00	$107,345	$345.05	$131,400	$400.00
F&B Revenue	$30,646	$98.46	$28,604	$88.17	$8,620	$86.91	$19,971	$82.65	$21,981	$76.21	$25,589	$82.18	$11,364	$36.63	$9,470	$30.44	$9,904	$30.15
Misc Revenue	$7,461	$23.97	$11,061	$34.09	$3,612	$36.41	$10,219	$42.29	$8,282	$28.71	$8,503	$27.31	$8,333	$26.86	$9,470	$30.44	$11,538	$35.12
Total Revenue	$127,892	$410.87	$127,559	$393.17	$29,404	$296.45	$82,805	$342.70	$120,944	$419.34	$138,359	$444.32	$123,631	$398.49	$126,284	$405.93	$152,842	$465.27
Departmental Expenses																		
Rooms	$38,101	$122.41	$38,535	$118.77	$22,826	$230.14	$30,949	$128.08	$39,525	$137.04	$42,586	$136.76	$42,504	$137.00	$43,899	$141.11	$47,745	$145.34
F&B	$22,759	$73.12	$22,029	$67.90	$10,122	$102.05	$14,309	$59.22	$17,633	$61.14	$19,403	$62.31	$8,523	$27.47	$0	$0.00	$0	$0.00
Other	$589	$1.89	$842	$2.59	$301	$3.03	$215	$0.89	$134	$0.47	$135	$0.43	$133	$0.43	$138	$0.44	$150	$0.46
Total	$61,450	$197.42	$61,405	$189.27	$33,249	$335.22	$45,474	$188.20	$57,292	$198.64	$62,124	$199.50	$51,160	$164.90	$44,037	$141.55	$47,895	$145.80
Gross Operating Income	$66,442	$213.46	$66,154	$203.90	-$3,846	-$38.77	$37,331	$154.50	$63,652	$220.69	$76,235	$244.82	$72,470	$233.59	$82,247	$264.38	$104,947	$319.47
Undistributed Expenses																		
A&G	$9,440	$30.33	$10,199	$31.44	$5,513	$55.58	$8,015	$33.17	$12,023	$41.69	$11,994	$38.52	$12,000	$38.68	$12,360	$39.73	$12,731	$38.75
IT Systems	$1,341	$4.31	$1,232	$3.80	$1,060	$10.69	$969	$4.01	$1,337	$4.64	$1,265	$4.06	$1,275	$4.11	$1,313	$4.22	$1,353	$4.12
Marketing	$5,106	$16.40	$5,305	$16.35	$3,694	$37.24	$3,459	$14.32	$4,937	$17.12	$6,371	$20.46	$5,687	$18.33	$5,809	$18.67	$6,114	$18.61
Property Maintenance	$6,084	$19.54	$6,712	$20.69	$5,829	$58.77	$5,998	$24.82	$7,211	$25.00	$7,865	$25.26	$7,700	$24.82	$7,931	$25.49	$8,169	$24.87
Energy / Utilities	$2,509	$8.06	$2,547	$7.85	$2,204	$22.22	$2,533	$10.48	$3,419	$11.85	$4,021	$12.91	$4,033	$13.00	$4,166	$13.39	$4,531	$13.79
Total	$24,480	$78.64	$25,994	$80.12	$18,300	$184.50	$20,974	$86.80	$28,927	$100.30	$31,516	$101.21	$30,695	$98.94	$31,579	$101.51	$32,897	$100.14
GOP	$41,963	$134.81	$40,159	$123.78	-$22,146	-$223.27	$16,358	$67.70	$34,725	$120.40	$44,719	$143.61	$41,775	$134.65	$50,668	$162.87	$72,051	$219.33
Fixed Expenses																		
Real Estate Taxes	$8,724	$28.03	$10,659	$32.85	$12,450	$125.53	$9,278	$38.40	$9,898	$34.32	$10,369	$33.30	$11,005	$35.47	$11,843	$38.07	$12,807	$38.99
Insurance	$507	$1.63	$527	$1.63	$347	$3.50	$604	$2.50	$657	$2.28	$715	$2.30	$715	$2.30	$736	$2.37	$759	$2.31
Management Fee	$2,581	$8.29	$3,825	$11.79	$882	$8.89	$2,210	$9.15	$2,299	$7.97	$4,151	$13.33	$3,368	$10.86	$3,504	$11.26	$4,288	$13.05
Miscellaneous	$1,291	$4.15	$151	$0.47	$416	$4.20	-$7,069	-$29.25	-$17,332	-$60.09	$186	$0.60	$0	$0.00	$0	$0.00	$0	$0.00
Total	$13,069	$41.99	$15,163	$46.73	$14,096	$142.12	$5,025	$20.79	-$4,478	-$15.53	$15,421	$49.52	$15,088	$48.63	$16,084	$51.70	$17,854	$54.35
NOI	$28,893	$92.82	$24,997	$77.05	-$36,242	-$365.39	$11,333	$46.90	$39,203	$135.93	$29,299	$94.09	$26,687	$86.02	$34,584	$111.17	$54,197	$164.98

Discounted Cash Flow Analysis

Discount Rate

In order to develop an indication of value by the Income Capitalization Approach, it is necessary to establish an acceptable yield rate to discount the annual cash flows and the reversion value.

Typical investors require a rate of return for investment quality property such as the subject which is greater than the safe or "riskless" rates offered for long term treasury notes and bonds or high-grade corporate bonds. The difference between an investor's required rate of return and the safe rate is basically the premium necessary to compensate the investor for the added risks of inflation, management, and lack of liquidity offered by a real estate investment. The following rates have been used as market indicators.

Survey of Competitive Rates	Rate
Federal Funds Rate	4.25% - 4.50%
5-year CD	4.06% - 5.62%
10-year Treasury Bond	3.52%
30-year Treasury Bond	3.64%
Corporate Bonds (Moody's Seasoned AAA)	4.34%

Source: Federal Reserve Statistical Release, FRED, bankrate.com, fmsbonds.com

The Federal Funds Rate is a foundational rate determining the cost of funds by Federal Reserve banks to depository institutions. The Prime Rate is a base rate posted by large banks for loans to corporations. Long term issues such as 10-year Treasury Bonds are guaranteed by the federal government. Corporate Bonds and Utility Bonds are long term securities protected by the creditworthiness of the issuer.

Another source of anticipatory yield rates is provided by investment surveys conducted by the Real Estate Research Corporation (Situs - RERC) and PWC, which summarizes expected rates of return, including capitalization rates and income and expense growth rates, from a representative sample of institutional investors. The rates reflect acceptable expectations of yields desired by investors currently in the marketplace.

Survey	Type of Product	Discount Rate
RERC 4th Quarter 2022	National Hotel	8.30% - 10.30%
	Average	9.50%
PWC 4th Quarter 2022	National Full-Service	8.00% - 12.00%
	Average	9.98%
PWC 4th Quarter 2022	National Limited-Service, Midscale & Economy	10.00% - 14.00%
	Average	11.40%
PWC 4th Quarter 2022	National Select-Service Lodging Segment	10.00% - 14.00%
	Average	11.40%
PWC 4th Quarter 2022	National Luxury / Upper Upscale Lodging	6.50% - 11.00%
	Average	9.33%

Source: PWC and Situs – RERC Report Surveys

In selecting an appropriate discount rate, we have considered the foregoing yields as well as the subject property's location, size, age and condition relative to competing properties. In the development of the discount rate for the subject property, consideration was given to the risk, liquidity, and the time and expense of asset management inherent with income producing property investment. The summation approach was utilized to account for yield expectations associated with these investment considerations. A 3.5% basic rate was used based on the return exhibited by corporate and utility bonds. The basic rate is increased for liquidity, asset management, and risk. This results in a 7.25% yield rate. Based on the foregoing, it is our opinion that an 7.25% before tax discount or yield rate would be required by a typical investor for a hotel property like the subject within a strong destination location.

The consensus of those actively engaged in the marketplace for hotels is that internal rates of return (based upon forecasting techniques and assumptions similar to those utilized herein) fall within a broad range depending upon numerous risk factors, including, among others:

a) **Location:** the better the location, the lower the IRR. The subject property is situated within a prime destination, mixed use district with an active cultural and recreational base. The area has excellent accessibility features and convenience to both residential and employment centers and is also considered a destination location for tourism. Overall, this is considered to be a location with below average risk.
b) **Physical Characteristics of the Subject Property:** the newer the property, the higher the quality of construction and finishes, and the better the design and layout of the physical plant, the lower the IRR. The subject was constructed in 2011 and is in excellent condition.
c) **Degree of Forecasted Cash Flow Growth:** the greater the growth forecasted, the higher the IRR. After achieving stabilized occupancy levels, a modest rate of cash flow growth is projected based on general inflation expectations.
d) **Amount of Equity Investment Required***:* the greater the required equity investment (that portion of the total acquisition cost not typically funded by conventional financing), the higher the IRR.
e) **Length of Projection Period:** the longer the projection period, the higher the IRR. We are utilizing a typical 10-year cash flow period.
f) **Type of Investment:** the riskier the perceived return on investment for a particular type of real estate, the higher the IRR.

In our opinion, due to the subject property's: (a) excellent destination location; (b) convenient accessibility from all points; (c) excellent condition and functional utility; and (d) the caution used in forecasting room rates and occupancy, we believe that a 7.25% discount rate is appropriate for the subject property. This rate falls at the low end of the investor surveys, which is reasonable considering the subject's location and condition.

Holding Period

The 4th Quarter 2022 PWC survey reported the following holding periods indicated by various investor classes:

Investor	Forecast Period (years)
Owner/Operator	5 to 10 years
Private Investor	3 to 7 years
Insurance Company	10 years
REIT	5 to 7 years

RERC report an average holding period of 9.3 years as of the 4th Quarter 2022 report.

Based on the reported forecast periods, while considering time to stabilized operations, we anticipate a holding period of 10 years with the residual value based upon the net operating income in Year 11.

Terminal Capitalization Rate and Estimated Reversion

Survey	Type of Product	Terminal Cap Rate
RERC 4th Quarter 2022	National Hotel	7.20% - 9.50%
	Average	8.30%
PWC 4th Quarter 2022	National Full-Service	5.00% - 10.00%
	Average	8.05%
PWC 4th Quarter 2022	National Limited-Service, Midscale & Economy	8.00% - 12.50%
	Average	10.10%
PWC 4th Quarter 2022	National Select-Service Lodging Segment	7.50% - 11.50%
	Average	9.05%
PWC 4th Quarter 2022	National Luxury / Upper Upscale Lodging	5.75% - 9.50%
	Average	7.67%

Source: PWC and Situs – RERC Report Surveys

As indicated in the investment surveys, terminal capitalization rates have ranged from 5.75% - 9.50% and averaged 7.67% in the national luxury / upper upscale lodging properties, ranged from 5.00% - 10.00% with an average of 8.05% in the national full-service properties, and ranged from 7.20% - 9.50% with an average of 8.30% on a total national level.

Manhattan Hotel Sales

In order to determine an appropriate cap rate for the subject property we researched cap rates for hotel properties in New York City. In the table below, we summarize hotel sales of stabilized assets between 2014 and 2019, which realized capitalization rates that ranged from 2.25% to 9.10% and averaged 5.03%. As Manhattan is viewed as the nation's top gateway city, hotel investors from all over the world consider it to be an essential and low-risk market for their portfolio. However, during COVID, transactions halted for a period of time. They have begun; however, with most, if not all, considered distressed sales. Namely, the Royalton sold in September 2020 for $41 million, a 25% decline since its acquisition in 2017, the Embassy Suites sold for $115 million in September 2020, a 40% decline from January 2019, and the Lexington Hotel sold for $185.3 million in July 2021, a 45% erosion in value from its previous sale 10 years ago. This trend has continued into 2022 as summarized in the Sales Approach. There has been only one new reported cap rate since our last report.

Manhattan Hotel Capitalization Rates

Hotel	Sale Date	Rooms	Sale Price	Price / Room	Cap Rate
Sheraton Hotel New York Times Square, 811 7th Avenue	Apr-22	1,780	$373,000,000	$209,551	3.0%
Autograph Collection The Lexington Hotel, 511 Lexington Ave	Jun-21	725	$185,300,000	$255,586	6.3%
Duane Street Hotel, 130 Duane Street	May-21	43	$18,000,000	$418,605	4.2%
Watson Hotel	Apr-21	600	$175,000,000	$291,667	3.0%
AKA Wall Street, 84 William Street	Dec-20	132	$73,500,000	$556,818	2.8%
The Royalton, 44 W 44th Street	Sep-20	168	$40,840,000	$243,095	9.1%
Hyatt Hearld Square & Hyatt Place Midtown South	Sep-19	307	$138,000,000	$449,511	5.9%
Park Central Hotel / WestHouse New York	Nov-18	933	$366,170,000	$392,465	5.0%
Hotel Indigo Lower East Side	Sep-18	294	$162,500,000	$552,721	5.5%
W New York Union Square	Sep-18	270	$165,635,985	$613,467	6.6%
Hampton Inn Manhattan Downtown	Mar-18	81	$32,400,000	$400,000	4.4%
Comfort Inn Times Square	Oct-17	78	$27,200,000	$348,718	4.5%
The Ridge Hotel	Jul-17	42	$16,750,000	$398,810	6.8%
Stewart Hotel	Dec-16	618	$217,500,000	$351,942	3.8%
Nylo Hotel	Jun-16	291	$140,000,000	$481,100	5.2%
Hilton Garden Inn Chelsea	Jul-16	169	$65,000,000	$384,615	6.6%
Homewood Suites: 312-318 W 37th Street	Jul-16	293	$169,000,000	$576,792	6.6%
Wyndham Garden Hotel	Feb-16	124	$60,000,000	$483,871	5.5%
Doubletree Times Square: 1568 Broadway (Leasehold)	Dec-15	468	$540,000,000	$1,153,846	3.4%
The Martha Washington	Nov-15	264	$17,250,000	$65,341	2.3%
The GEM Hotel: 135 E Houston Street	Apr-15	45	$17,250,000	$383,333	5.0%
Manhattan at Times Square 790 7th Avenue	Feb-15	689	$1,950,000,000	$2,830,189	3.5%
The Waldorf Astoria: 301 Park Avenue	Feb-15	1413	$1,950,000,000	$1,380,042	3.0%
Sofitel: 43-45 West 44th Street	Nov-14	398	$257,050,000	$645,854	4.9%
Fairfield Inn and Suites West 33rd Street	Sep-14	239	$135,300,000	$566,109	6.3%
AKA United Nations	Sep-14	95	$68,500,000	$721,053	3.7%
Holiday Inn: 138 Lafayette Street	Jul-14	227	$105,500,000	$464,758	5.4%
Mondrian: 9 Crosby Street	Jun-14	263	$205,000,000	$779,468	5.8%
373 Fifth Avenue	Apr-14	70	$34,900,000	$498,571	5.8%
Min					2.25%
Max					9.10%
Average					4.96%

Source: PKF, Cushman & Wakefield, RCA, CoStar; compiled by Bowery

Summary of Manhattan Hotel Cap Rates by Year

Year	# of Sales	Average OAR
2022	1	3.00%
2021	3	4.50%
2020	2	5.95%
2019	1	5.90%
2018	4	5.38%
2017	2	5.65%
2016	5	5.54%
2015	5	3.43%
2014	6	5.31%

The hotel cap rates range from 2.25% to 9.10% with an average of 4.96%. Between 2015 and 2017 sales average 4.7%. During 2018 and 2019, sales average 5.5%. Hotel transactions have slowed along with most asset types in New York City since 2016. Based on the subject's fairly new construction status and excellent location in SoHo with a highly regarded restaurant, we conclude to a terminal cap rate of 5.75%.

Summary of Discounted Cash Flow Assumptions

Guest Rooms	264, decreasing to 260 post renovation
Available Room Nights	96,624 (leap year) and 96,360 (non-leap year) with 264 rooms
Occupancy	85.0% in Year 1, 85.0% in Year 2, 90.0% in Year 3+
ADR	$335.00 (Year 1), $345.05 (Year 2), $400.00 (Year 3)
REVPAR	$284.75 (Year 1), $293.29 (Year 2), $360.00 (Year 3)
ADR Growth Rate	Year 2: 3.0%, Year 3: 15.9%, Year 4+: 3.0%
REVPAR Growth Rate	Year 2: 3.0% , Year 3: 22.7% , Year 4+: 3.0%
Discount Rate	7.25%
Terminal Capitalization Rate	5.75%
Total Expense Ratio:	80.4% (Year 1), 74.6% (Year 2), 68.5% (Year 3)
NOI Ratio (excluding renovation cost):	19.6% (Year 1), 25.4% (Year 2), 31.5% (Year 3)
Renovation	$20,000,000 in Years 1 and 2
Holding Period	10 years
Cost of Sales	3.00%

Year Beginning	01/01/23				01/01/24				01/01/25				01/01/26			
Hotel Rooms	264				264				260				260			
Available Nights	365				366				365				365			
Available Room Nights	96,360				96,624				94,900				94,900			
Occupancy	81,906	85.0%			82,130	85.0%			85,410	90.0%			85,410	90.0%		
ADR		$335.00				$345.05				$400.00				$412.00		
ADR Growth						3.0%				15.9%				3.0%		
RevPAR		$284.75				$293.29				$360.00				$370.80		
RevPAR Growth Yr/Yr (%)						3.0%				22.7%				3.0%		
Revenue		%	PAR	POR		%	PAR	POR		%	PAR	POR		%	PAR	POR
Total Room Revenue	$27,438,510	84.1%	$103,934	$335.00	$28,339,095	85.0%	$107,345	$345.05	$34,164,000	86.0%	$131,400	$400.00	$35,188,920	86.0%	$135,342	$412.00
F&B Net Revenue beg Yr 2	$3,000,000	9.2%	$11,364	$36.63	$2,500,000	7.5%	$9,470	$30.44	$2,575,000	6.5%	$9,904	$30.15	$2,652,250	6.5%	$10,201	$31.05
Other Operated Depts	$2,200,000	6.7%	$8,333	$26.86	$2,500,000	7.5%	$9,470	$30.44	$3,000,000	7.5%	$11,538	$35.12	$3,090,000	7.5%	$11,885	$36.18
Total Revenue	$32,638,510	100.0%	$123,631	$398.49	$33,339,095	100.0%	$126,284	$405.93	$39,739,000	100.0%	$152,842	$465.27	$40,931,170	100.0%	$157,428	$479.23
Departmental Expenses																
Rooms Expense	$11,221,122	40.9%	$42,504	$137.00	$11,589,421	40.9%	$43,899	$141.11	$12,413,771	36.3%	$47,745	$145.34	$12,786,184	36.3%	$49,178	$149.70
Food/Beverage	$2,250,000	75.0%	$8,523	$27.47												
Other Operated Depts	$35,200	1.6%	$133	$0.43	$36,355	1.5%	$138	$0.44	$38,941	1.3%	$150	$0.46	$40,110	1.3%	$154	$0.47
Total Dept Expenses	$13,506,322	41.4%	$51,160	$164.90	$11,625,776	42.3%	$44,037	$141.55	$12,452,713	37.6%	$47,895	$145.80	$12,826,294	37.6%	$49,332	$150.17
Total Dept Profit	$19,132,188	58.6%	$72,470	$233.59	$21,713,318	65.1%	$82,247	$264.38	$27,286,287	68.7%	$104,947	$319.47	$28,104,876	68.7%	$108,096	$329.06
Undistributed Op Expenses																
Administrative & General	$3,168,000	9.7%	$12,000	$38.68	$3,263,040	9.8%	$12,360	$39.73	$3,310,008	8.3%	$12,731	$38.75	$3,409,308	8.3%	$13,113	$39.92
IT Systems	$336,600	1.0%	$1,275	$4.11	$346,698	1.0%	$1,313	$4.22	$351,688	0.9%	$1,353	$4.12	$362,239	0.9%	$1,393	$4.24
Sales and Marketing	$1,501,371	4.6%	$5,687	$18.33	$1,533,598	4.6%	$5,809	$18.67	$1,589,560	4.0%	$6,114	$18.61	$1,637,247	4.0%	$6,297	$19.17
Property Maintenance	$2,032,800	6.2%	$7,700	$24.82	$2,093,784	6.3%	$7,931	$25.49	$2,123,922	5.3%	$8,169	$24.87	$2,187,639	5.3%	$8,414	$25.61
Energy/Utilities	$1,064,778	3.3%	$4,033	$13.00	$1,099,726	3.3%	$4,166	$13.39	$1,177,949	3.0%	$4,531	$13.79	$1,213,288	3.0%	$4,666	$14.21
Total Operating Expenses	$8,103,549	24.8%	$30,695	$98.94	$8,336,846	25.0%	$31,579	$101.51	$8,553,127	21.5%	$32,897	$100.14	$8,809,721	21.5%	$33,884	$103.15
Gross Operating Profit	$11,028,639	33.8%	$41,775	$134.65	$13,376,472	40.1%	$50,668	$162.87	$18,733,160	47.1%	$72,051	$219.33	$19,295,155	47.1%	$74,212	$225.91
Fixed Expenses																
Real Estate Taxes	$2,905,312	8.9%	$11,005	$35.47	$3,126,630	9.4%	$11,843	$38.07	$3,329,861	8.4%	$12,807	$38.99	$3,546,302	8.7%	$13,640	$41.52
Insurance	$188,760	0.6%	$715	$2.30	$194,423	0.6%	$736	$2.37	$197,221	0.5%	$759	$2.31	$203,138	0.5%	$781	$2.38
Management Fee	$889,155	3.0%	$3,368	$10.86	$925,173	3.0%	$3,504	$11.26	$1,114,920	3.0%	$4,288	$13.05	$1,148,368	3.0%	$4,417	$13.45
Replacement Reserve	$652,770	2.0%	$2,473	$7.97	$666,782	2.0%	$2,526	$8.12	$1,589,560	4.0%	$6,114	$18.61	$1,637,247	4.0%	$6,297	$19.17
Total Fixed Expenses	$4,635,997	14.5%	$17,561	$56.60	$4,913,007	15.0%	$18,610	$59.82	$6,231,562	15.9%	$23,968	$72.96	$6,535,054	16.2%	$25,135	$76.51
Total Expenses	$26,245,868	80.4%	$99,416	$320.44	$24,875,630	74.6%	$94,226	$302.88	$27,237,402	68.5%	$104,759	$318.90	$28,171,069	68.8%	$108,350	$329.83
NOI	$6,392,642	19.6%	$24,215	$78.05	$8,463,465	25.4%	$32,059	$103.05	$12,501,598	31.5%	$48,083	$146.37	$12,760,101	31.2%	$49,077	$149.40
Renovation Cost	($10,000,000)				($10,000,000)											
Net Cash Flow	($3,607,358)		-$13,664		($1,536,535)		-$5,820		$12,501,598		$48,083		$12,760,101		$49,077	

Year Beginning	01/01/27				01/01/28				01/01/29				01/01/30			
Hotel Rooms	260				260				260				260			
Available Nights	365				366				365				365			
Available Room Nights	94,900				95,160				94,900				94,900			
Occupancy	85,410	90.0%			85,644	90.0%			85,410	90.0%			85,410	90.0%		
ADR		$424.36				$437.09				$450.20				$463.71		
ADR Growth		3.0%				3.0%				3.0%				3.0%		
RevPAR		$381.92				$393.38				$405.18				$417.34		
RevPAR Growth Yr/Yr (%)		3.0%				3.0%				3.0%				3.0%		
Revenue		%	PAR	POR		%	PAR	POR		%	PAR	POR		%	PAR	POR
Total Room Revenue	$36,244,588	86.0%	$139,402	$424.36	$37,434,204	86.0%	$143,978	$437.09	$38,451,883	86.0%	$147,892	$450.20	$39,605,439	86.0%	$152,329	$463.71
F&B Net Revenue beg Yr 2	$2,731,818	6.5%	$10,507	$31.98	$2,813,772	6.5%	$10,822	$32.85	$2,898,185	6.5%	$11,147	$33.93	$2,985,131	6.5%	$11,481	$34.95
Other Operated Depts	$3,182,700	7.5%	$12,241	$37.26	$3,278,181	7.5%	$12,608	$38.28	$3,376,526	7.5%	$12,987	$39.53	$3,477,822	7.5%	$13,376	$40.72
Total Revenue	$42,159,105	100.0%	$162,150	$493.61	$43,526,158	100.0%	$167,408	$508.22	$44,726,595	100.0%	$172,025	$523.67	$46,068,392	100.0%	$177,186	$539.38
Departmental Expenses																
Rooms Expense	$13,169,770	36.3%	$50,653	$154.19	$13,602,027	36.3%	$52,315	$158.82	$13,971,809	36.3%	$53,738	$163.59	$14,390,963	36.3%	$55,350	$168.49
Food/Beverage																
Other Operated Depts	$41,313	1.3%	$159	$0.48	$42,669	1.3%	$164	$0.50	$43,829	1.3%	$169	$0.51	$45,144	1.3%	$174	$0.53
Total Dept Expenses	$13,211,083	37.6%	$50,812	$154.68	$13,644,696	37.6%	$52,480	$159.32	$14,015,638	37.6%	$53,906	$164.10	$14,436,107	37.6%	$55,523	$169.02
Total Dept Profit	$28,948,022	68.7%	$111,339	$338.93	$29,881,462	68.7%	$114,929	$348.90	$30,710,957	68.7%	$118,119	$359.57	$31,632,286	68.7%	$121,663	$370.36
Undistributed Op Expenses																
Administrative & General	$3,511,587	8.3%	$13,506	$41.11	$3,616,935	8.3%	$13,911	$42.23	$3,725,443	8.3%	$14,329	$43.62	$3,837,206	8.3%	$14,758	$44.93
IT Systems	$373,106	0.9%	$1,435	$4.37	$384,299	0.9%	$1,478	$4.49	$395,828	0.9%	$1,522	$4.63	$407,703	0.9%	$1,568	$4.77
Sales and Marketing	$1,686,364	4.0%	$6,486	$19.74	$1,741,046	4.0%	$6,696	$20.33	$1,789,064	4.0%	$6,881	$20.95	$1,842,736	4.0%	$7,087	$21.58
Property Maintenance	$2,253,269	5.3%	$8,666	$26.38	$2,320,867	5.3%	$8,926	$27.10	$2,390,493	5.3%	$9,194	$27.99	$2,462,207	5.3%	$9,470	$28.83
Energy/Utilities	$1,249,686	3.0%	$4,806	$14.63	$1,290,703	3.0%	$4,964	$15.07	$1,325,792	3.0%	$5,099	$15.52	$1,365,566	3.0%	$5,252	$15.99
Total Operating Expenses	$9,074,013	21.5%	$34,900	$106.24	$9,353,851	21.5%	$35,976	$109.22	$9,626,620	21.5%	$37,025	$112.71	$9,915,419	21.5%	$38,136	$116.09
Gross Operating Profit	$19,874,010	47.1%	$76,438	$232.69	$20,527,611	47.2%	$78,952	$239.69	$21,084,337	47.1%	$81,094	$246.86	$21,716,867	47.1%	$83,526	$254.27
Fixed Expenses																
Real Estate Taxes	$3,652,691	8.7%	$14,049	$42.77	$3,762,271	8.6%	$14,470	$43.93	$3,875,139	8.7%	$14,904	$45.37	$3,991,394	8.7%	$15,352	$46.73
Insurance	$209,232	0.5%	$805	$2.45	$215,509	0.5%	$829	$2.52	$221,974	0.5%	$854	$2.60	$228,634	0.5%	$879	$2.68
Management Fee	$1,182,819	3.0%	$4,549	$13.85	$1,221,372	3.0%	$4,698	$14.26	$1,254,852	3.0%	$4,826	$14.69	$1,292,498	3.0%	$4,971	$15.13
Replacement Reserve	$1,686,364	4.0%	$6,486	$19.74	$1,741,046	4.0%	$6,696	$20.33	$1,789,064	4.0%	$6,881	$20.95	$1,842,736	4.0%	$7,087	$21.58
Total Fixed Expenses	$6,731,105	16.2%	$25,889	$78.81	$6,940,198	16.1%	$26,693	$81.04	$7,141,030	16.2%	$27,465	$83.61	$7,355,261	16.2%	$28,289	$86.12
Total Expenses	$29,016,201	68.8%	$111,601	$339.73	$29,938,745	68.8%	$115,149	$349.57	$30,783,288	68.8%	$118,397	$360.42	$31,706,786	68.8%	$121,949	$371.23
NOI	$13,142,904	31.2%	$50,550	$153.88	$13,587,413	31.2%	$52,259	$158.65	$13,943,307	31.2%	$53,628	$163.25	$14,361,606	31.2%	$55,237	$168.15

Year Beginning	01/01/31				01/01/32				01/01/33			
Hotel Rooms	260				260				260			
Available Nights	365				366				365			
Available Room Nights	94,900				95,160				94,900			
Occupancy	85,410	90.0%			85,644	90.0%			85,410	90.0%		
ADR		$477.62				$491.95				$506.71		
ADR Growth		3.0%				3.0%				3.0%		
RevPAR		$429.86				$442.75				$456.04		
RevPAR Growth Yr/Yr (%)		3.0%				3.0%				3.0%		
Revenue		%	PAR	POR		%	PAR	POR		%	PAR	POR
Total Room Revenue	$40,793,603	86.0%	$156,898	$477.62	$42,132,527	86.0%	$162,048	$491.95	$43,277,933	86.0%	$166,454	$506.71
F&B Net Revenue beg Yr 2	$3,074,685	6.5%	$11,826	$36.00	$3,166,925	6.7%	$12,180	$36.98	$3,261,933	6.9%	$12,546	$38.19
Other Operated Depts	$3,582,157	7.5%	$13,778	$41.94	$3,689,622	7.8%	$14,191	$43.08	$3,800,310	8.0%	$14,617	$44.49
Total Revenue	$47,450,444	100.0%	$182,502	$555.56	$48,989,074	100.0%	$188,420	$572.01	$50,340,176	100.0%	$193,616	$589.39
Departmental Expenses												
Rooms Expense	$14,822,692	36.3%	$57,010	$173.55	$15,309,201	36.3%	$58,882	$178.75	$15,725,394	36.3%	$60,482	$184.12
Food/Beverage												
Other Operated Depts	$46,498	1.3%	$179	$0.54	$48,024	1.3%	$185	$0.56	$49,330	1.3%	$190	$0.58
Total Dept Expenses	$14,869,190	37.6%	$57,189	$174.09	$15,357,225	37.6%	$59,066	$179.31	$15,774,724	37.6%	$60,672	$184.69
Total Dept Profit	$32,581,254	68.7%	$125,313	$381.47	$33,631,848	68.7%	$129,353	$392.69	$34,565,453	68.7%	$132,944	$404.70
Undistributed Op Expenses												
Administrative & General	$3,952,323	8.3%	$15,201	$46.27	$4,070,892	8.3%	$15,657	$47.53	$4,193,019	8.3%	$16,127	$49.09
IT Systems	$419,934	0.9%	$1,615	$4.92	$432,532	0.9%	$1,664	$5.05	$445,508	0.9%	$1,713	$5.22
Sales and Marketing	$1,898,018	4.0%	$7,300	$22.22	$1,959,563	4.0%	$7,537	$22.88	$2,013,607	4.0%	$7,745	$23.58
Property Maintenance	$2,536,074	5.3%	$9,754	$29.69	$2,612,156	5.3%	$10,047	$30.50	$2,690,521	5.3%	$10,348	$31.50
Energy/Utilities	$1,406,533	3.0%	$5,410	$16.47	$1,452,698	3.0%	$5,587	$16.96	$1,492,191	3.0%	$5,739	$17.47
Total Operating Expenses	$10,212,881	21.5%	$39,280	$119.57	$10,527,841	21.5%	$40,492	$122.93	$10,834,846	21.5%	$41,672	$126.86
Gross Operating Profit	$22,368,373	47.1%	$86,032	$261.89	$23,104,007	47.2%	$88,862	$269.77	$23,730,607	47.1%	$91,272	$277.84
Fixed Expenses												
Real Estate Taxes	$4,111,135	8.7%	$15,812	$48.13	$4,234,469	8.6%	$16,286	$49.44	$4,361,504	8.7%	$16,775	$51.07
Insurance	$235,493	0.5%	$906	$2.76	$242,557	0.5%	$933	$2.83	$249,834	0.5%	$961	$2.93
Management Fee	$1,331,273	3.0%	$5,120	$15.59	$1,374,664	3.0%	$5,287	$16.05	$1,412,347	3.0%	$5,432	$16.54
Replacement Reserve	$1,898,018	4.0%	$7,300	$22.22	$1,959,563	4.0%	$7,537	$22.88	$2,013,607	4.0%	$7,745	$23.58
Total Fixed Expenses	$7,575,919	16.2%	$29,138	$88.70	$7,811,254	16.1%	$30,043	$91.21	$8,037,292	16.2%	$30,913	$94.10
Total Expenses	$32,657,990	68.8%	$125,608	$382.37	$33,696,321	68.8%	$129,601	$393.45	$34,646,861	68.8%	$133,257	$405.65
NOI	$14,792,454	31.2%	$56,894	$173.19	$15,292,753	31.2%	$58,818	$178.56	$15,693,315	31.2%	$60,359	$183.74

The calculation of the reversion is shown below:

Year 11 NOI	$15,693,315
Terminal Cap Rate	5.75%
Reversion Sale Price	$272,927,217
Less Cost of Sale (3%)	($8,187,817)
Net Sale Proceeds	$264,739,400

The As Is value is calculated below:

As Is Fair Value
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For Year Beginning	Annual Cash Flow	P.V. of Cash Flow 7.25%
1	1/1/23	($3,607,358)	($3,363,504)
2	1/1/24	($1,536,535)	($1,335,820)
3	12/31/24	$12,501,598	$10,133,831
4	12/31/25	$12,760,101	$9,644,171
5	1/1/27	$13,142,904	$9,262,001
6	1/1/28	$13,587,413	$8,927,975
7	12/31/28	$13,943,307	$8,542,494
8	12/31/29	$14,361,606	$8,203,980
9	1/1/31	$14,792,454	$7,878,881
10	1/1/32	$15,292,753	$7,594,736
Total Cash Flow		$105,238,244	$65,488,745
Property Resale after 3% Cost of Sale		$264,739,400	$131,475,724
Total Property Present Value			$196,964,469
As Is Value (Rounded)			**$197,000,000**

Below, we present the historical performance through 2021, the owner's 2022 budget, along with our DCF assumptions from previous appraisals as well as our current projections as of 12/31/2021.

Summary of Bowery Assumptions

	Actual 2019 Performance	Actual 2020 Performance	Actual 2021 Performance	Actual 2022 Performance	Bowery Assumptions as of 12/31/19 (Yr 1 begin 1/1/20)	Bowery Assumptions as of 3/31/20 (Yr 1 begin 4/1/20)	Bowery Assumptions as of 6/30/20 (Yr 1 begin 7/1/20)	Bowery Assumptions as of 12/31/20 (Yr 1 begin 1/1/21)	Bowery Assumptions as of 12/31/21 (Yr 1 begin 1/1/22)	Bowery Assumptions as of 12/31/22 (Yr 1 begin 1/1/23)
Occupancy Year 1	88.90%	27.10%	66.20%	85.31%	88.5%	49.4%	45.4%	55.0%	77.0%	85.0%
Occupancy Year 2					75.0%	75.0%	75.0%	75.0%	70.0%	85.0%
Occupancy Year 3+					86.0%	86.0%	86.0%	89.0%	89.0%	90.0%
ADR Year 1	$270.91	$172.87	$220.93	$334.84	$281.00	$218.01	$213.41	$210.00	$264.00	$335.00
ADR Year 2					$289.43	$280.00	$250.00	$250.00	$295.00	$345.05
ADR Year 3					$361.79	$350.00	$350.00	$350.00	$350.00	$400.00
ADR Year 4					$379.88	$375.00	$374.50	$367.50	$367.50	$412.00
ADR Growth Year 5+					3%	3%	3%	3%	3%	3%
RevPAR Year 1	$240.81	$46.92	$146.15	$285.66	$248.69	$107.65	$96.92	$115.50	$203.28	$284.75
RevPAR Growth Year 2					-13%	95%	93%	62%	2%	3%
RevPAR Growth Year 3					43%	43%	61%	66%	51%	23%
RevPAR Growth Year 4+					5%	7%	7%	5%	5%	3%
Assumption of Renovation Budget					$15,000,000	$15,000,000	$15,000,000	$15,000,000	$15,000,000	$20,000,000
PPP Foregiven Loan Proceeds					N/A	$2,900,000	$1,100,000	$0	$0	$0
Total Revenue Year 1	$33,675,598	$7,762,544	$21,860,631	$36,526,668	$35,573,939	$13,796,063	$12,762,094	$18,329,580	$30,188,061	$32,638,510
EBITDA (NOI) Year 1	$5,252,603	($9,870,077)	$2,146,817	$6,273,738	$6,602,335	($1,372,611)	($1,684,726)	($3,869,734)	$3,877,974	$6,392,642
Net Cash Flow after Reno					$4,602,335	($472,611)	($2,584,726)	($8,869,734)	($1,122,026)	($3,607,358)
EBITDA (NOI) Year 2					$6,917,825	$6,454,389	$5,403,804	$3,550,436	$4,891,619	$8,463,465
Net Cash Flow after Reno					($6,082,175)	($6,545,611)	($7,596,196)	($6,449,564)	($5,108,381)	($1,536,535)
EBITDA (NOI) Year 3					$10,839,016	$10,572,377	$10,428,270	$11,404,114	$10,809,008	$12,501,598
Terminal Cap Rate					5.00%	5.00%	5.00%	5.25%	5.25%	5.75%
Discount Rate					6.75%	6.75%	6.75%	6.75%	6.75%	7.25%
Value					**$210,000,000**	**$204,300,000**	**$198,600,000**	**$194,500,000**	**$197,000,000**	**$197,000,000**

Reconciliation of DCF Method

To test the reasonableness of our value opinion developed with the Discounted Cash Flow Method, we have analyzed "going in" capitalization rates indicated by the PricewaterhouseCoopers' and Real Estate Research Corporation's investment surveys, which reflect the investment expectations of institutional investors.

Survey	Type of Product	Overall Cap Rate
RERC 4th Quarter 2022	National Hotel	6.70% - 9.00%
	Average	7.90%
PWC 4th Quarter 2022	National Full-Service	5.00% - 9.00%
	Average	7.25%
PWC 4th Quarter 2022	National Limited-Service, Midscale & Economy	8.00% - 11.50%
	Average	9.75%
PWC 4th Quarter 2022	National Select-Service Lodging Segment	7.00% - 10.00%
	Average	8.50%
PWC 4th Quarter 2022	National Luxury / Upper Upscale Lodging	4.00% - 9.50%
	Average	7.13%

Source: PWC and Situs – RERC Flash Report Surveys

In Years 1 and 2, we project the subject to have low to negative NOI as the hotel will be renovated during those years and continuing to stabilize from the COVID impact. By Year 3, post renovation and stabilization, the implied cap rate equates to 6.3%. It is our view that our value opinions derived from our Discounted Cash Flow Analysis are credible, since they offer an adequate return to an investor.

Therefore, with primary emphasis placed on the Discounted Cash Flow analysis, the As Is Fair Value via the Income Capitalization Approach, as of December 31, 2022 is:

Value	Interest Appraised	Date of Value	Conclusion
As Is Fair Value	Fee Simple	December 31, 2022	$197,000,000

As a further check to the reasonableness of our concluded value of $197,000,000 or $746,212 per room (based on 264 rooms), the following comparable hotel sales, from desirable Manhattan locations since 2019, were referenced:

Manhattan Hotel Sales Price per Key

Hotel	Sale Date	Keys	Sale Price	Price / Key
Williamsburg Hotel, 96 Wythe Avenue, Brooklyn	U/C	147	$96,000,000	$653,061
Mr. C Seaport, 33 Peck Slip	Jan-23	66	$60,000,000	$909,091
The Jane Hotel, 113-115 Jane Street	Dec-22	200	$62,000,000	$310,000
Muse New York, 130 W 46th Street	Sep-22	200	$49,500,000	$247,500
Holiday Inn Manhattan Chelsea, 125 W 26th Street	Jun-22	226	$80,300,000	$355,310
Roger Smith Hotel, 501-507 Lexington Avenue	Feb-22	134	$41,396,953	$308,932
Ascend Collection, 152 E 55th Street	Aug-22	39	$17,500,000	$448,718
Sheraton New York Times Square	Apr-22	1,780	$373,000,000	$209,551
Mandarin Oriental New York, 80 Columbus Circle (8)	Jan-22	244	$98,150,000	$402,254
Cambria Hotel Times Square, 30 West 46th Street (1)	Sep-21	196	$88,500,000	$451,531
Fairfield Inn & Suites Downtown, 100 Greenwich Street	Sep-21	192	$69,000,000	$359,375
Hyatt Place Times Square, 350 West 39th Street	Sep-21	520	$166,460,000	$320,115
The NoMad Hotel, 1170 Broadway (2)	Jul-21	168	$130,000,000	$773,810
Autograph Collection The Lexington Hotel, 511 Lexington Ave.(4)	Jun-21	725	$185,300,000	$255,586
Hub Hotel New York Times Square, 525 8th Avenue (2)	Jun-21	320	$47,398,500	$148,120
Salisbury Hotel, 123 W. 57th Street (3)	Jun-21	197	$130,000,000	$659,898
The Roger New York, 129 Madison Avenue (2)	Jun-21	194	$19,000,000	$97,938
Residence Inn New York Manhattan Midtown East (2)	Jun-21	211	$49,850,835	$236,260
Duane Street Hotel, 130 Duane Street	May-21	43	$18,000,000	$418,605
Sago Hotel, 119 Orchard Street (7)	Apr-21	20	$8,500,000	$425,000
Watson Hotel, 440 West 57th Street (5)	Apr-21	600	$175,000,000	$291,667
AKA Wall Street, 84 William Street (6)	Dec-20	132	$73,500,000	$556,818
Surrey Hotel, 20 East 76th Street	Dec-20	189	$150,150,000	$794,444
SpringHill Suites/TownPlace Suites, 140 West 28th Street	Sep-20	531	$147,000,000	$276,836
The Royalton, 44 W 44th Street	Sep-20	168	$40,840,000	$243,095
Embassy Suites Times Square, 60 W 37th Street	Jun-20	310	$115,129,600	$371,386
The James New York	Jun-20	337	$158,000,000	$468,843
St. Regis New York	Oct-19	238	$310,000,000	$1,302,521
Courtyard by Marriott SoHo, 181 Varick Street	Oct-19	120	$59,875,000	$498,958
W Union Square	Oct-19	270	$166,219,115	$615,626
Oyo Hotel, 157 W 147th Street	Oct-19	208	$34,641,300	$166,545
Hyatt Hearld Square & Hyatt Place Midtown South	Sep-19	307	$138,000,000	$449,511
Kimpton Ink48	Sep-19	222	$85,276,000	$384,126
Club Quarters Midtown	Aug-19	167	$64,530,500	$386,410
The Hotel at Fifth Avenue	Aug-19	182	$56,520,000	$310,549
Marrakech Hotel	Aug-19	128	$44,000,000	$343,750
NYCASA 46	Jul-19	79	$24,000,000	$303,797
Flatiron Hotel	May-19	64	$40,300,000	$629,688
Fairfield Inn & Suites	Mar-19	286	$128,577,459	$449,572
Spring Hill Suites	Mar-19	280	$145,722,338	$520,437
Le Parker Meridien	Jan-19	729	$420,000,000	$576,132
Westin New York Grand Central	Jan-19	774	$302,000,000	$390,181

Source: PKF, Cushman & Wakefield, RCA, CoStar, LWHA; compiled by Bowery

(1) Built in 2015; Permanently closed

(2) Subject to a ground lease. For NoMad this is the assignment of lease in leasehold interest, Hotel currently closed

(3) Redevelopment. Buyer plans to demolish hotel and erect a 26-story office building

(4) Seller acquired for $335 million in 2011; Sale represents a 45% decline in value over 10 years

(5) Used as a temporary homeless shelter during the pandemic

(6) Foreclosed; sold at auction

(7) Will be converted to apartments

(8) Represents the purchase of a majority stake in the company that owns the Mandarin Oriental (73.37%)

The above comparable sales indicate a sale price range of $97,938 to $1,302,521 per key, with an average of $426,839 per key. The subject concluded value is within the range of the comparable sales and is reasonable.

Sales Comparison Approach

In the Sales Comparison Approach, an opinion of fair value is provided by comparing the subject property to transactions of competitive assets. A major premise is the principle of substitution which holds fair value is directly related to the prices of comparable properties as a knowledgeable investor will pay no more for a substitute.

The procedure involved in this Approach is to research the market for sales of improved properties which are comparable, select appropriate units of comparison, adjust the sale prices to the subject, and then reconcile the range of adjusted sale prices into an opinion of value.

Unit of Comparison

In order to analyze comparable sales, it is necessary to convert the sale prices to an appropriate unit of comparison, a process which facilitates price comparisons between properties of different sizes, and it also enables adjustment for qualitative differences. Since lodging properties are analyzed by their capacity to generate revenue per room (RevPAR), it is our view that an analysis of sales of lodging properties based on price per key would result in the most credible indication of value.

The pace and the volume of transaction activity in New York has picked up significantly since the beginning of the year. Hotel transactions totaling over $1.5 billion have been announced recently, including some iconic assets in the city. Despite the pace of deals picking up, many transaction values are substantially below prior trades of the same assets. Of the recent transactions announced, the discount to previous trades range between 25% and 65%. This trend has been partially driven by Hotel REITs selling urban core assets at a deep discount and redeploying capital to acquire luxury or resort assets. However, as the market continues its strong recovery, we expect transaction values to increase.

Recent Sales:

A recent transaction that occurred in January 2023, was the sale of the Mr. C Seaport, a 66-room boutique luxury hotel for a sale price of $60 million or $909,000/key. The seller was Atlantic Pearl Investments and the buyer was Korea-based Sono Hospitality. The strong price per key value underscores investor appetite for luxury hotels in New York City.

In August 2022, the Ascend Collection The Carvi Hotel, a 39-room property built in 1985 and last renovated in 2008 sold for $17.5 million or $448,718/key. The name changed since this sale. It is now known as the Blue Angel Hotel NYC and is still part of the Ascend Collection.

In June 2022, Apollo Global Management and Newbond Holdings announced the acquisition of the 478-room Hilton Times Square for $85 million, or $178,000/key. The transaction price is roughly 35% of the $243 million California-based REIT Sunstone Hotel Investors paid to acquire the hotel in 2006, however, the sale price should be enough to pay the outstanding CMBS loan balance of $77.17 million as of May 2022.

In May 2022, a portfolio of four Manhattan hotels composed of 918 rooms was acquired by Sonesta Hotels. The Benjamin, the Shelburne Hotel & Suites, the Gardens Suites Hotel, and the Fifty Hotel & Suites were sold by Denihan Hospitality Group. The price was undisclosed, but the lender, Ramsfield Hospitality Finance, announced that it provided Sonesta with a $239 million acquisition loan for the deal. In 2016, Denihan refinanced the four hotels with a $320 million loan from Goldman Sachs. If Goldman and Ramsfield financed the portfolio at the same loan-to-value ratio, that would indicate approximately a 25% decline in value.

The Mandarin Oriental on Columbus Circle is under contract to be sold to Reliance Industries for $98 million for a 73.4% stake in the asset. The buyer will also assume current debt of $115 million, valuing the asset at $270 million, or $1.1 million/key. The Investment Corporation of Dubai acquired the hotel in 2007 for $340 million, or $1.4 million/key; Reliance's acquisition price is a 42% discount to the previous trade. The transaction s expected to close in 1Q23.

Another recent notable transaction was the Sheraton New York Times Square, the third-largest hotel in the city, with 1,780 rooms. MCR and Island Capital Group acquired the hotel for $373 million, or $210,000/key, representing a 50% discount to the previous transaction price. HOST Hotels and Resorts had originally acquired the hotel in 2006 for $736 million, or $414,000/key. The transaction also includes seller financing of $250 million as part of the $373 million purchase price.

In January, the closed Renwick Hotel on East 40th Street sold to Capstone Equities via a "deed in lieu" transaction. The original owned Meadow Partners had defaulted on a $46 million mortgage. Capstone purchased the defaulted note and took over control of the property and reopened the hotel in April this year. The hotel is now operated as an independent and is no longer affiliated with Hilton's Curio Collection brand.

In December, the Midtown DoubleTree on Lexington Avenue was sold by RLJ Lodging Trust to Hawkins Way Capital for $169 million, or $221,000/key. This represents a value decline of approximately 50%, as RLJ had initially acquired the hotel in 2011 for $335 million, or $438,000/key. The Gregory Hotel at 42 West 35th St. sold at a foreclosure auction for $33.9 million, or $257,000/key, a 44% decline in value compared to the original sponsor's basis. Meadow Partners had purchased the hotel in 2014 and spent $60 million to acquire and renovate it, resulting in a basis of $454,000/key.

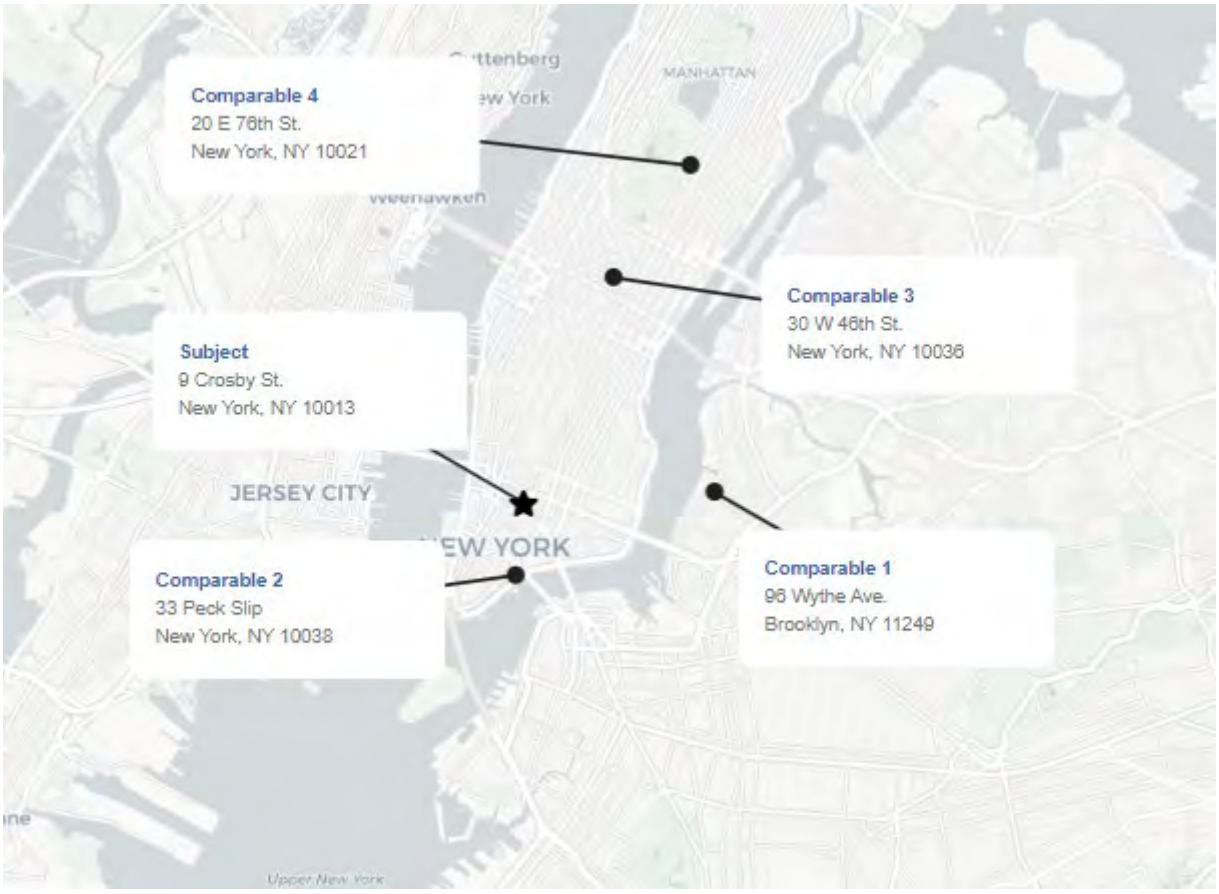
The pace of transactions is expected to accelerate throughout 2022 as hotel performance improves and as the market continues its recovery driven by international visitors and summer leisure travel. However, rising interest rates and increasing spreads are proving to be a deterrent to hotel transactions, with the bid-ask spread widening further in recent months. The trend of transaction values coming in significantly below prior peak trades of the same assets is expected to continue until hotel capital markets stabilize and the market's operating performance fully and consistently recovers to pre-pandemic levels.

We have considered the above sales and have presented those which we view as the most competitive in support of our opinion of value.

Comparable Sales Summary

	Address	Sale Date	Rooms (Keys)	Sale Price	Sale Price Per Key
1	Williamsburg Hotel - 96 Wythe Avenue	U/C	147	$96,000,000	$653,061
2	Mr. C Seaport - 33 Peck Slip	Jan-23	66	$60,000,000	$909,091
3	Cambria Hotel Times Square - 30 West 46th Stree	Sep-21	196	$88,500,000	$451,531
4	Surrey Hotel - 20 East 76th Street	Dec-20	189	$150,150,000	$794,444

Comparable Lodging Property Sales



Comparable Sales Outlines

Comparable Sale 1



Williamsburg Hotel - 96 Wythe Avenue			
Grantee			Quadrum Global
Grantor			96 Wythe Acquisition LLC
Document Number			N/A
GBA (SF)			78,215
Block/Lot:	2295/21	**NOI**	Not Reported
		Cap Rate	Not Reported
Rooms	147	**Sale Date**	U/C
Site Area (SF)	21,875	**Sale Price**	$96,000,000
Year Built	2017	**Price Per Room:**	$653,061

This is the potential sale of a 147-room hotel, known as The Williamsburg Hotel, located in Brooklyn, NY. The property, built in 2017, contains 78,215 square feet of GBA on 21,875 square feet of land. The building most recently sold at auction for $96,000,000. This equates to a price per room of $653,061. This 8-story hotel, located on Wythe Avenue between North 10th and North 11th Street was acquired by London based Quadrum Development Corporation at auction for $96 million on January 12, 2023 with the hearing to approve the sale scheduled for January 17, 2023. As of the date of this report, the deed has not been listed on public record. The seller, Heritage, bought the site in 2012 for $4.85 million and construction was completed in 2017. The hotel struggled with low RevPAR and defaulted on its $68 million loan in 2019. As early as March 2019, ownership was entertaining bids from a number of potential buyers with at least one of the offers reaching $135 million, Commercial Observer reported. No deal ever went through and after lining up a bridge loan to refinance which never closed, ownership filed for bankruptcy in February 2021. This potential sale was confirmed via news articles.

Comparable Sale 2



Mr. C Seaport - 33 Peck Slip

Grantee			Sono Legit NY LLC
Grantor			HHC 33 Peck Slip Holdings LLC
Document Number			2023000017026
GBA (SF)			39,747
Block/Lot:	107/38	**NOI**	Not Reported
		Cap Rate	Not Reported
Rooms	66	**Sale Date**	1/17/2023
Site Area (SF)	6,203	**Sale Price**	$60,000,000
Year Built / Renovated	1900/2016	**Price Per Room:**	$909,091

This is the sale of a 66-room hotel, known as Mr. C Seaport, located in New York, NY. The property, built in 1900/2016, contains 39,747 square feet of GBA on 6,203 square feet of land. The building most recently sold for $60,000,000. This equates to a price per room of $909,091. This luxury hotel reopened in 2018 after a major renovation, which converted the hotel from 72 rooms to 66, allowing for larger rooms and was the Cipriani family's first in NYC. It is located on the corner of Peck and Front Street in the heart of the Seaport District. This hotel closed temporarily during January citing the pending sale. It will no longer operate under the Mr. C brand. The sale was brokered by Jeffrey Davis, who leads JLL's investment sales team for U.S. hotels. This sale was confirmed via CoStar and public record, press releases and news articles.

Comparable Sale 3



Cambria Hotel Times Square - 30 West 46th Street			
Grantee			NY 46 LLC
Grantor			Condord Hospitality Enterprises Company
Document Number			2021000392099
GBA (SF)			72,191
Block/Lot:	1261/54	**NOI**	Not Reported
		Cap Rate	Not Reported
Rooms	196	**Sale Date**	9/24/2021
Site Area (SF)	6,098	**Sale Price**	$88,500,000
Year Built	2015	**Price Per Room:**	$451,531

This is the sale of a 196-key hotel, known as Cambria Hotel New York - Times Square, located near Times Square in New York, NY. The property, built in 2015, contains 72,191 square feet of GBA on 6,098 square feet of land. The building most recently sold for $88,500,000. This equates to a price per key of $451,531. Concord Hospitality acquired this site in 2013 for $30 million, building the hotel soon after. According to an article in The Real Deal, dated October 6, 2021, the property is currently shuttered and carries a considerable amount of debt. The hotel features a lobby bar and lounge with outdoor seating as well as a bistro, business center, fitness center, and flexible meeting space. All details have been confirmed by news articles, CoStar, and public record.

Comparable Sale 4



Surrey Hotel - 20 East 76th Street

Grantee			Surrey Propco LLC
Grantor			Surrey Realty Associates LLC
Document Number			2020000347881
GBA (SF)			135,582
Block/Lot:	1390/57	**NOI**	Not Reported
		Cap Rate	Not Reported
Rooms	189	**Sale Date**	12/3/2020
Site Area (SF)	10,019	**Sale Price**	$150,150,000
Year Built / Renovated	1926 / 2009	**Price Per Room:**	$794,444

This is the sale of a 189-room hotel, known as Surrey Hotel, located in New York, NY. The property, built/renovated in 1926 / 2009, contains 135,582 square feet of GBA on 10,019 square feet of land. The building most recently sold for $150,150,000. This equates to a price per room of $794,444. We note that the asking price was $215 million. The hotel was built as a residence hotel and has famously hosted people including John F. Kennedy and Bette Davis. The hotel features the Michelin-starred Café Boulud restaurant and Cornelia Spa as well as a fitness center and a private rooftop garden. It is New York City's only Relais & Chateaux hotel. Relais & Chateaux is an association of individually owned and operated luxury hotels and restaurants. It currently has about 500 members in 60 countries, predominantly represented in Europe. This is considered a distressed sale as earlier in 2020, the hotel filed for bankruptcy when the owner of its ground lease, Ashkenazy Acquisition, filed for Chapter 11 after the hotel's operator missed payments, according to news articles. The ground lease was terminated, dated August 13, 2020, confirmed via public record. The buyers, London-based Reuben Brothers, have been acquiring many U.S. assets during the pandemic. All details have been confirmed by news articles, CoStar, and public record.

Adjustments

Adjustments to the comparable sales have been considered based on comparison to the subject for property rights, financing terms, conditions of sale, market conditions, location, size, branding, utility/amenities, and condition.

Property Rights Appraised

The purpose of this adjustment is to account for differences in the property rights which were transferred with the sale. The property rights being valued in this analysis are the fee simple interest of the subject. The comparables are also valued as the fee simple interest and thus no adjustments are warranted.

Financing

The purpose of adjusting for financing terms is to determine cash equivalent sale prices for the comparable sales. All sales were cash transactions or financed at market rates. No adjustments were required.

Conditions of Sale

This adjustment refers to the motivations of the buyer and seller involved in a particular transaction. No adjustments were required.

Market Conditions

All the comparables have sold since December 2020. The NYC hotel market was significantly impacted by COVID and has seen a significant improvement through 2021 and 2022. Sales 3 and 4 were sold during times of more uncertainty due to COVID. Although this adjustment is difficult to quantify, given the improvement in the market since, these sales warrant upward adjustments.

Location

The subject is well-located in SoHo, a hip and trendy neighborhood. The subject has a restaurant and bar that appeal to both tourists and local residents.

Sale 1 is located in Williamsburg, which is considered inferior to the subject's location given its Manhattan address. This warrants an upward adjustment.

Sales 2 is located in the Financial District in the Seaport area, which is a prime hotel location and is not adjusted.

Sale 3 is located near Grand Central, which is a prime hotel location and is not adjusted.

Sale 4 is located on the Upper East Side in a prime location. This is not adjusted.

Size

This adjustment accounts for the difference in size between each of the comparables and the subject property. The subject has 264 guest rooms while the sales range from 66 to 196 guest rooms. There is typically an inverse relationship with size and price per key whereby a property with less rooms will sell for a higher price per key. Sale 2 warranted a downward adjustment as it is significantly smaller than the subject. No further adjustments are required.

Branding

The subject is currently an independent hotel; however, it benefits from its association with Preferred Hotels. While ownership is considering a partnership that will include branding the hotel, there is no formal agreement in place as of the date of this report; thus, we are valuing the subject as an independent hotel. Sale 1 is independent and not adjusted.

	Sale 2 was part of the Cipriani family and warrants a downward adjustment. Sale 3 is branded and under the Choice Hotels parent company. This sale warrants a downward adjustment. Sale 4 is unbranded but benefits from its Relais & Chateaux association. This sale is not adjusted.
Utility/Amenities	This adjustment accounts for such factors as building height, exterior appeal, frontage and amenities for each comparable. The subject is a modern, hip boutique hotel that is appealing to most travelers. Sales 1 and 2 are boutique hotels like the subject and are not adjusted. Sale 3 is a Cambria hotel, an upscale hotel that lacks a restaurant and the appeal of the subject and thus warrants an upward adjustment. Sale 4 is a luxury hotel and warrants a downward adjustment.
Condition	The subject was constructed in 2011 and is in excellent condition. It has hip, modern, fashion forward décor that is appealing to most travelers. In addition, the lobby, restaurant, and common areas were recently refreshed with new art, décor, and finishes. We are assuming a market participant would embark on an additional $20 million renovation to include the addition of F&B outlets and moving the lobby and a refresh of the guest rooms. All of the sales were constructed/renovated within the past few years and have an updated design. No adjustments are warranted.

Comparable Sales Adjustment Grid

Sale No.	**Subject**	**1**	**2**	**3**	**4**
Address	9 Crosby Street	Williamsburg Hotel - 96 Wythe Avenue	Mr. C Seaport - 33 Peck Slip	Cambria Hotel Times Square - 30 West 46th Street	Surrey Hotel - 20 East 76th Street
Sale Date		U/C	1/17/2023	9/24/2021	12/3/2020
No. Keys	264	147	66	196	189
Sale Price		$96,000,000	$60,000,000	$88,500,000	$150,150,000
Sale Price Per Key		**$653,061**	**$909,091**	**$451,531**	**$794,444**
Property Rights:	Fee Simple	0%	0%	0%	0%
Financing Terms:	None	0%	0%	0%	0%
Conditions of Sale:	None	0%	0%	0%	0%
Market Conditions (Time):	12/31/22	0%	0%	10%	10%
Trended Price Per Key		**$653,061**	**$909,091**	**$496,684**	**$873,889**
Location:	SoHo	10%	0%	0%	0%
Size:	264	0%	-10%	0%	0%
Branding:	N/A	0%	-5%	-5%	0%
Utility/Amenities:	N/A	0%	0%	25%	-10%
Condition:	Excellent	0%	0%	0%	0%
Total Adjustments		**10%**	**-15%**	**20%**	**-10%**
Adjusted Price Per Key		**$718,367**	**$772,727**	**$596,020**	**$786,500**
		Unadjusted			**Adjusted**
	LOW	**$451,531**		**LOW**	**$596,020**
	HIGH	**$909,091**		**HIGH**	**$786,500**
	AVERAGE	**$702,032**		**AVERAGE**	**$718,404**
	MEDIAN	**$723,753**		**MEDIAN**	**$745,547**

All adjustments are percentages. A positive adjustment to a sale indicates an inferior characteristic relative to the subject. A negative adjustment indicates a superior characteristic relative to the subject. After adjustments, the comparable sales show a tighter range of $596,020 to $786,500 per key with an average of $718,404 and a median of $745,547 per key.

We highlight Comparables 1 and 2 as they are the most recent sales and are most representative of current market conditions. Post adjustments, these sold for $718,367 and $772,727 per key, respectively. Further, the 97-key trendy boutique hotel Sixty Soho, one of the subject hotel's main competitors represented in its STR competitive set, sold for $106.9 million or $1.1 million per key, closing February 3, 2023. With consideration of the foregoing and emphasizing the excellent location of the subject hotel and the proposed $20 million renovation, we conclude to an as is value indication of $750,000 per key. The value is calculated as follows:

Fair Value Conclusion Via Sales Comparison Approach

	Date of Value	Value	Final Value (Rd)
Concluded Value Per Key		$750,000	
Keys		264	
Indicated Value		$198,000,000	
As Is Fair Value via the Sales Comparison Approach	**December 31, 2022**	**$198,000,000**	**$198,000,000**

Reconciliation & Final Value Opinion

In advancing an opinion of the fair value of the subject, the estimated value arrived are as follows:

Approach	Value	Interest Appraised	Date of Value	Conclusion
Cost Approach	N/A	N/A	N/A	Not Applied
Income Approach	As Is Fair Value based on Renovation Plan	Fee Simple	December 31, 2022	$197,000,000
Sales Approach	As Is Fair Value based on Renovation Plan	Fee Simple	December 31, 2022	$198,000,000

The Cost Approach is traditionally a good indicator of value when properties being appraised are new or close to new and during periods when there is little external obsolescence. The cost approach has limited utility in the valuation of existing hotels. The quantification of external and incurable functional obsolescence is based on numerous adjustments. It is our experience that knowledgeable purchasers of complex hotel properties are more concerned with the economics of the investment. Therefore, the cost approach has little significance. In light of its minimal value and the difficulty in quantifying the varying sources of depreciation, we have not utilized the cost approach in estimating the value of the subject property.

To estimate the subject property's value via the Income Capitalization Approach, we have analyzed the local market for transient accommodations, examined the competitive environment, projected occupancy and average rate levels, and developed a forecast of income and expense that reflects anticipated income trends and cost components through a stabilized year of operation. Through a discounted cash flow and income capitalization procedure, the value of each component was calculated; the total of the mortgage and equity components equates to the value of the property. Our experience indicates that the procedures used in estimating fair value by the income capitalization approach are comparable to those employed by the hotel investors who constitute the marketplace. For this reason, we believe that the income capitalization approach produces a credible value estimate.

The Sales Comparison Approach is considered a reliable indicator of value when few differences exist between the comparable sales and the subject, and the sales data collected is considered to be reliable and accurate. There is continued strong demand for hotel properties in New York City from a variety of investors. However, due to the inherent differences between the subject and the sales, we have utilized the Sales Comparison Approach mainly as a check against our value via the Income Approach. Our value via the Income Approach is well supported by the Sales Comparison Approach.

Final Value Opinion

Value	Interest Appraised	Date of Value	Conclusion
As Is Fair Value	Fee Simple	December 31, 2022	$197,000,000

Allocation of As Is Fair Value

Value Attributable to Real Property	$193,800,000	98%
Value Attibutable to FF&E	$3,200,000	2%
Value Attributable to Business/Intangibles	$0	0%
Total Assets of the Business	**$197,000,000**	**100%**

The value conclusions are subject to the following **Extraordinary Assumptions**[8] that may affect the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

•Ownership is planning to embark on a renovation plan in 2023/2024, which includes renovating the restaurant and lobby, installing new F&B outlets, and refreshing guest rooms at a total budget of $20 million. Any significant change to the plan, timing or budget might impact the values herein.

If the extraordinary assumptions employed in this appraisal are proved to be false, the values reported herein may be materially impacted.

The value conclusions are based on the following **Hypothetical Conditions**[9] that may affect the assignment results.

•None.

The opinion of value expressed herein is subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

[8] The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.

[9] The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.

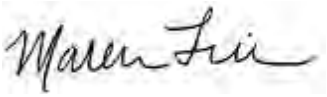
Certification

We certify to the best of our knowledge:

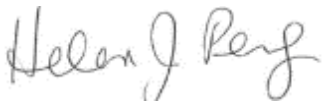
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have performed services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties Involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Maren Lewis has made a personal inspection of the property that is the subject of this report on January 18, 2023. Michelle Zell, MAI, has previously inspected the property that is the subject of this report. Helen Peng has not made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- As of the date of this report, Michelle Zell, MAI, and Helen Peng, MAI, AI-GRS, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Maren Lewis has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
- We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.



Michelle Zell, MAI
Senior Vice President
Certified General Real Estate Appraiser
NY State Cert. No. 460000049921
FL Certified General No. #RZ4135
michelle.zell@boweryvaluation.com
(917) 533-3141



Maren Lewis
Vice President
Certified General Real Estate Appraiser
NY State Cert. No. 46000053421
maren.lewis@boweryvaluation.com



Helen Peng, MAI, AI-GRS
Director
Certified General Real Estate Appraiser
NY State Cert. No. 46000008916
FL Certified General No. #RZ4138
helen.peng@boweryvaluation.com
(646) 226-3013

Addenda

Contingent & Limiting Conditions

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.
4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no trespasses or encroachments.
5. Bowery Real Estate Systems, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.
7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.
9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.
10. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
11. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
12. Responsible ownership and competent property management are assumed.

13. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

14. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.

15. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.

16. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.

17. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.

18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

19. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

20. Bowery Real Estate Systems, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.

21. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.

22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.

23. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

24. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.

25. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.

26. If this report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

Allocation of Value

There are potentially three components that constitute the total value of an asset: real property, personal property including furniture, fixtures & equipment (FF&E) and intangibles (goodwill, branding, and business value). Each component will be analyzed.

Allocation of Hotel Component Value	
Replacement Cost New of FF&E	$11,900,000
Average Total Useful Life (Years)	11
Useful Life Remaining (Years)	3
Depreciation of FF&E	73%
Depreciated Value of FF&E, rounded	**$3,200,000**
Value Attributable To Business/Intangibles	**$0**
Real Property Value Allocation, Rounded	
Final Value of the Total Assets of the Business	$197,000,000
Value Attibutable to FF&E	$3,200,000
Value Attributable to Business/Intangibles	$0
Value Attributable to Real Property	$193,800,000
Final Value Allocation	
Value Attributable to Real Property	$193,800,000
Value Attibutable to FF&E	$3,200,000
Value Attributable to Business/Intangibles	$0
Total Assets of the Business	**$197,000,000**

Furniture, Fixtures and Equipment

According to Marshall & Swift Cost Valuation Service, furniture, fixtures and equipment typically range from 13.5% to 24% from Marshall & Swift tables or 18.5% to 31% of total hard construction costs. A replacement cost analysis indicates the cost of the furniture, fixtures and equipment for the subject hotel to be approximately $11,900,000, or $45,076 per key, which is typical of assets of this type. The replacement cost is calculated on the following page:

Hotels: Full Service - Section 11, Page 25, Class B, Excellent Quality, Manual Dated Nov-22

Base Unit Cost New PSF				$335.00
Refinements:				
HVAC / Climate Adjustment				-$16.55
Elevator Deduction				$0.00
Add Sprinklers			+	$4.45
Adjusted Base Unit Cost New PSF				**$322.90**
Multipliers:				
Number of Stories Multiplier		1.120		
Height/Story Multiplier		1.000		
Floor Area/Perimeter Multiplier		1.003		
Current Cost Multiplier		1.040		
Local Multiplier		1.370		
Complex/Congested Sites Multiplier	x	1.030		
Total Multiplier			x	1.648
Adjusted Replacement Cost New PSF				**$532.06**
Area			x	121,165
Replacement Cost New				**$64,467,194**
Refinements:				
Elevator Addition				$0.00
Add Balconies / Canopies				$0
Add Fireplace			+	$0
Replacement Cost New				**$64,467,194**

Basements And Mezzanines - Hotels - Section 11, Page 25, Class A-B, manual dated Nov-22

Base Unit Cost New PSF				$74.00
Refinements:				
Add HVAC / Climate Adjustment				$0.00
Add Sprinklers			+	$4.45
Adjusted Base Unit Cost PSF				**$78.45**
Number of Stories Multiplier		1.120		
Height/Story Multiplier		1.000		
Floor Area/Perimeter Multiplier		1.003		
Current Cost Multiplier		1.040		
Local Multiplier		1.370		
Complex/Congested Sites Multiplier	x	1.030		
Total Multiplier			x	1.648
Adjusted Replacement Cost New PSF				**$129.27**
Area			x	4,660
Replacement Cost New				**$602,407**
Total Replacement Cost New				**$65,069,601**
Insurance Additions / Exclusions				
Demolition		0.00%		$0
Excavation		0.23%		($149,660)
Foundation Below Grade		3.00%		($1,952,088)
Architects' Fees		5.60%		($3,643,898)
Piping Below Ground		0.04%		($25,027)
Optional Exclusion			+	$0
Net Insurance Additions / Exclusions				**-$5,770,673**
Indicated Insurable				**$59,298,929**
Indicated Insurable Replacement Cost (RD)				**$59,300,000**
FF&E, Rounded		20.00%		$11,900,000.00

According to Marshall & Swift, hotels from the same scale have a useful life of 55 years with the FF&E having a typical life of 8 to 12 years with an average of 10 years. The table below summarizes the useful life of the building improvements and FF&E for 4 major hotel groups:

Hotel group	FF&E useful life (yrs)
Starwood	3-10
Hyatt	3-20
Melia	3-18
Rezidor	5-20

Buildings in New York City tend to last significantly longer than their useful life and the subject received a refreshing of décor, common areas and the restaurant, which extends the useful life. We project a useful life of 11 years for the FF&E. We apply straight line depreciation. The building is 10 years old, but some FF&E has been replaced since the hotel opening. We estimate that there are approximately 3 years remaining. After depreciation, the value of FF&E is $3,200,000, rounded.

Intangible Business Value

Intangible business value for a hotel is comprised of various components, including goodwill, branding, and other items such as cash flows from future bookings and pre-sold events. We do not ascribe a separate business value as we have already deducted a market-oriented management fee. We also note that the in-place management agreement can be terminated. Thus, the value attributable to business/intangibles value is $0.

Real Property Value Allocation

After allocating a portion of the value to the FF&E and business value, the remaining portion is attributable to the real property, after depreciation. Thus the value attributable to the real property is $193,800,000 , rounded, which equates to $734,091 per key of the hotel component after depreciation. As the subject is a luxury hotel, this appears reasonable.

Sensitivity Analysis

Terminal Cap Rate

% Change	**0.50 pp**	**0.25 pp**	**DCF**	**-0.25 pp**	**-0.50 pp**
	6.25%	6.00%	5.75%	5.50%	5.25%
Value	$186,000,000	$191,000,000	$197,000,000	$203,000,000	$209,000,000

Occupancy Rate

% Change	**-4.0 pp**	**-2.0 pp**	**Year 3+ DCF**	**2.0 pp**	**4.0 pp**
	86.00%	88.00%	90.00%	92.00%	94.00%
Value	$185,000,000	$191,000,000	$197,000,000	$203,000,000	$209,000,000

ADR

% Change	**-4%**	**-2%**	**Year 3 DCF**	**2%**	**4%**
	$384.00	$392.00	$400.00	$408.00	$416.00
Value	$177,000,000	$187,000,000	$197,000,000	$207,000,000	$217,000,000

Discount Rate

% Change	**0.50 pp**	**0.25 pp**	**DCF**	**-0.25 pp**	**-0.50 pp**
	7.75%	7.50%	7.25%	7.00%	6.75%
Value	$189,000,000	$193,000,000	$197,000,000	$201,000,000	$205,000,000

Historical Values

Date	Value
December 31, 2022	$197,000,000
June 30, 2022	$197,000,000
December 31, 2021	$196,000,000
September 30, 2021	$195,100,000
June 30, 2021	$195,100,000
December 31, 2020	$194,500,000
September 30, 2020	$197,900,000
June 30, 2020	$198,600,000
March 31, 2020	$210,000,000
December 31, 2019	$210,000,000
June 30, 2019	$232,200,000
December 31, 2018	$236,100,000
May 31, 2018	$238,600,000
December 31, 2017	$246,300,000
June 30, 2017	$257,000,000
December 31, 2016	$259,000,000
June 30, 2016	$257,000,000
December 31, 2015	$260,000,000
June 6, 2015	$268,000,000

Subject Property Photographs

The subject photos were taken by Maren Lewis on January 18, 2023.

Streetview (Crosby Street)



Streetview (Crosby Street)



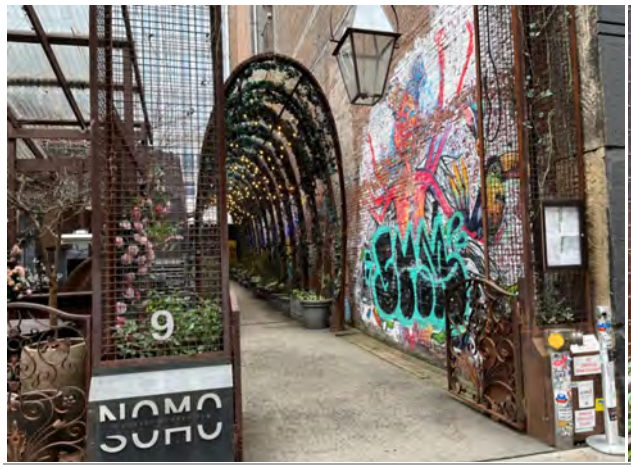
Entrance



Entrance



Entrance



Entrance



Restaurant



Restaurant



Lobby



Lobby



Lobby



Reception (2nd floor)



Meeting Room



Meeting Room (Outdoor Area)



Penthouse



Penthouse



Penthouse



Penthouse



Penthouse



Penthouse



Penthouse



Typical guestroom



Typical guestroom



Typical guestroom



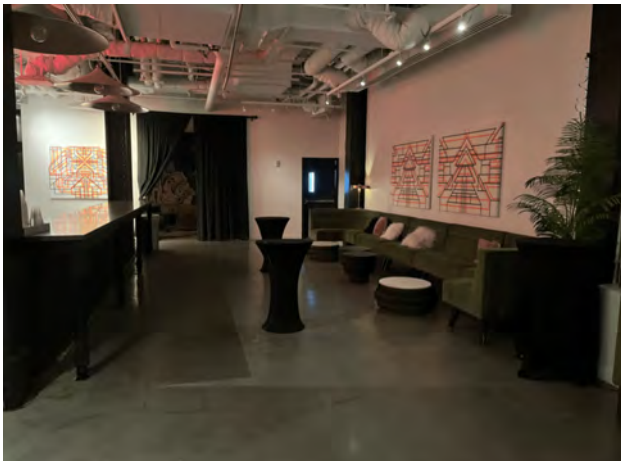
Typical guestroom



Typical guestroom



Nina's



Nina's



Mock Guestroom (New Design)



Mock Guestroom (New Design)



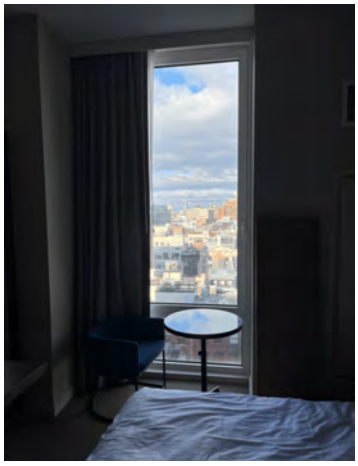
Mock Guestroom (New Design)



Mock Guestroom (New Design)



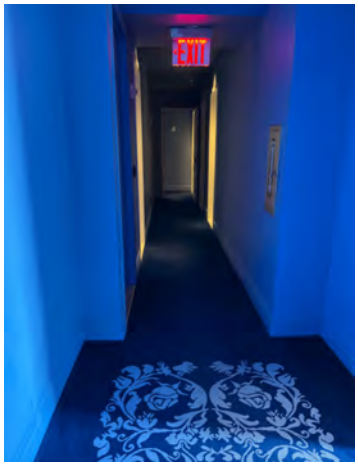
Mock Guestroom (New Design)



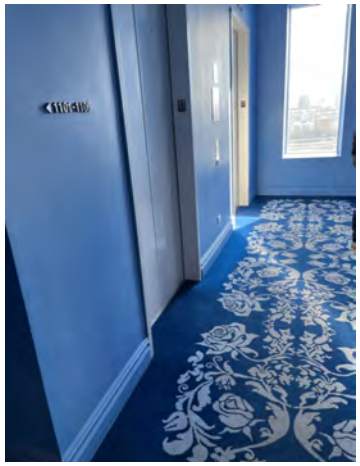
Hallway



Hallway



Hallway



Streetview (Lafayette)



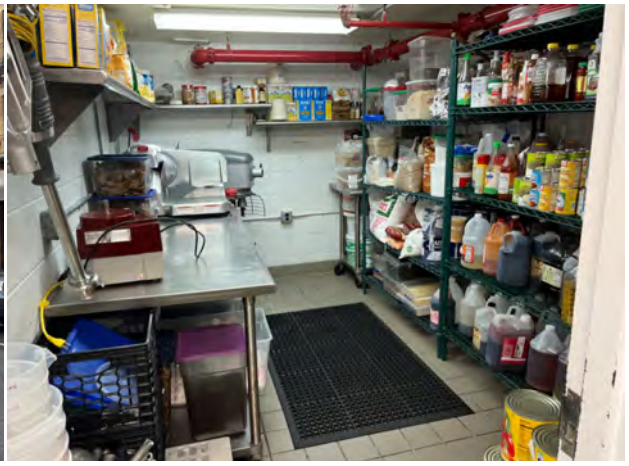
Streetview (Lafayette)



Streetview (Lafayette)



Kitchen



Kitchen



Kitchen



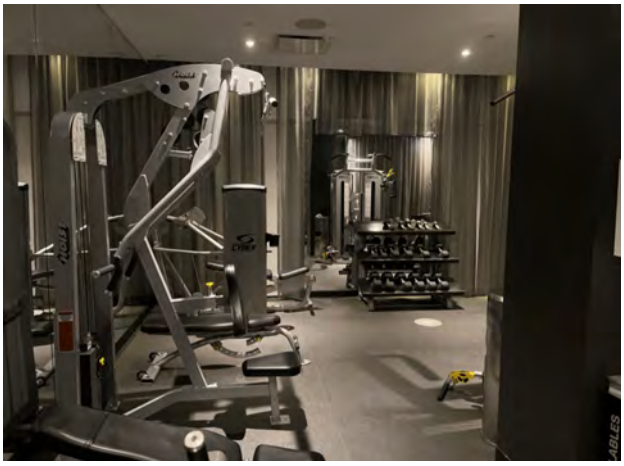
Kitchen



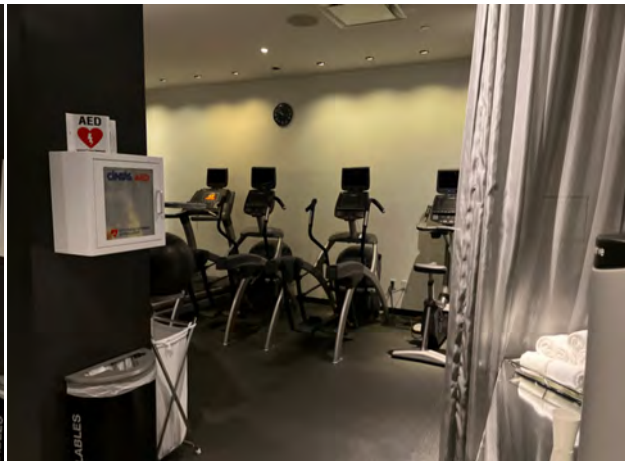
Elevator



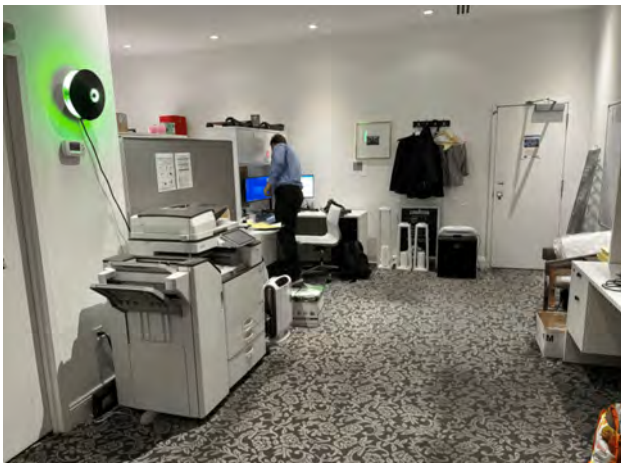
Fitness Center



Fitness Center

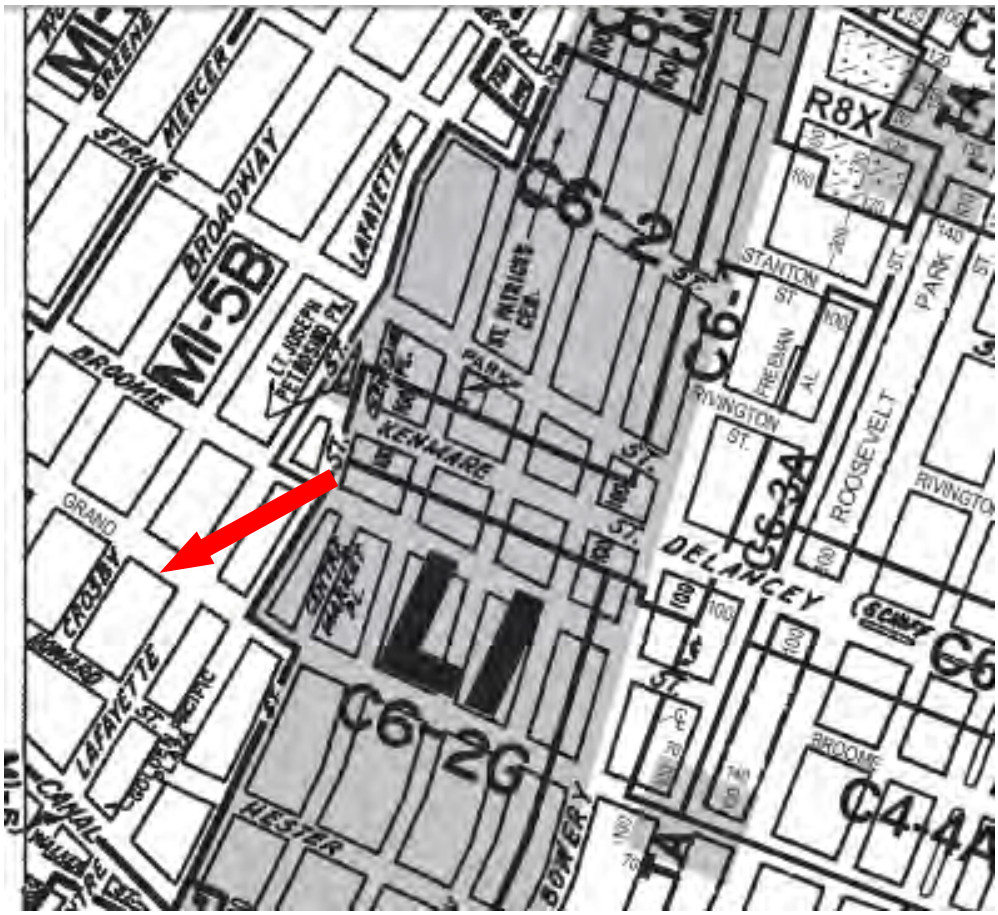


Management Offices

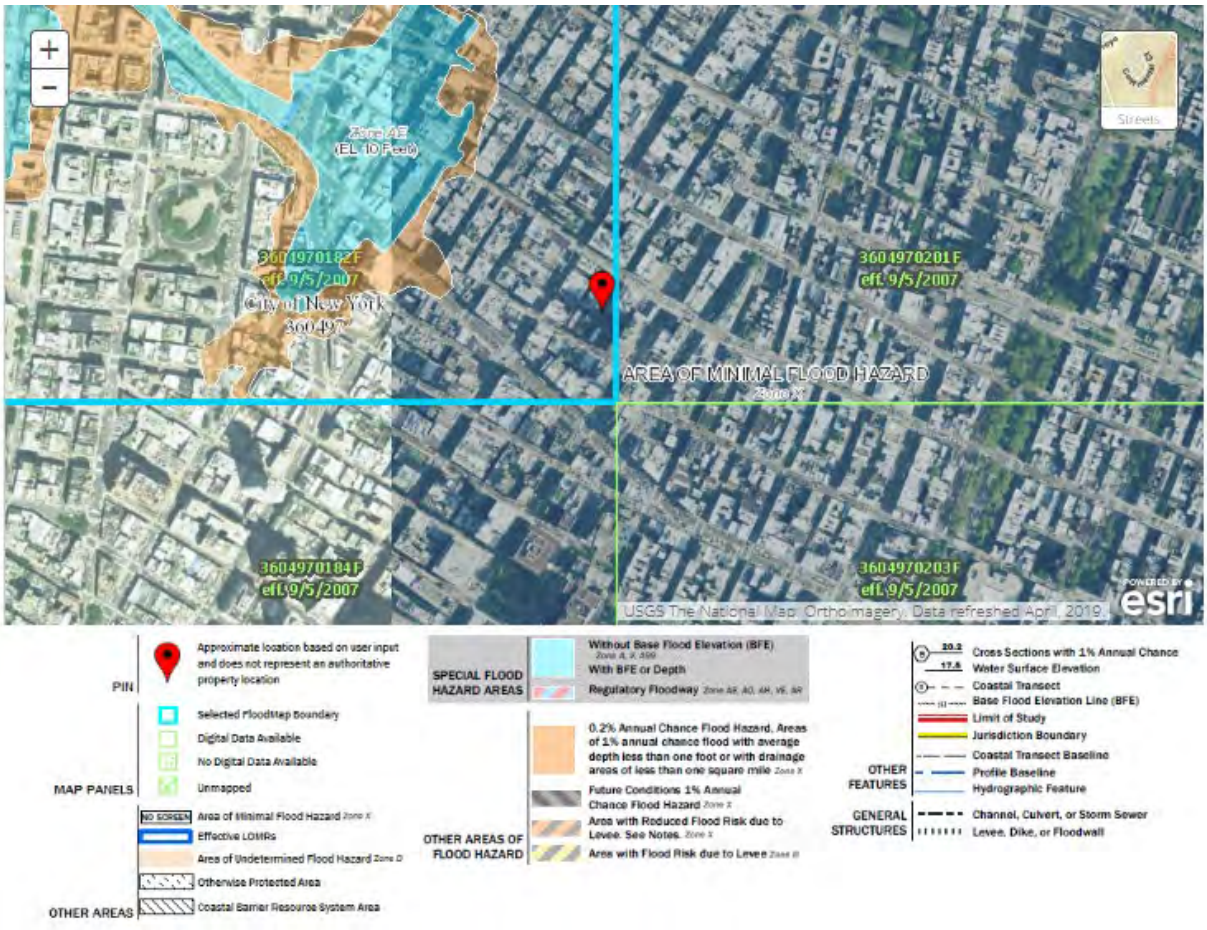


Map Gallery

Zoning Map



Flood Map


Zone AE
(EL 10 Feet)
3604970182F
eff. 9/5/2007
City of New York
360497
3604970201F
eff. 9/5/2007
AREA OF MINIMAL FLOOD HAZARD
Zone X
3604970184F
eff. 9/5/2007
3604970203F
eff. 9/5/2007
Streets
USGS The National Map: Orthoimagery. Data refreshed April, 2019.
esri
PIN
Approximate location based on user input and does not represent an authoritative property location
MAP PANELS
Selected Floodmap Boundary
Digital Data Available
No Digital Data Available
Unmapped
NO SCREEN
Area of Minimal Flood Hazard Zone X
Effective LOMRs
Area of Undetermined Flood Hazard Zone D
Otherwise Protected Area
OTHER AREAS
Coastal Barrier Resource System Area
SPECIAL FLOOD HAZARD AREAS
Without Base Flood Elevation (BFE)
With BFE or Depth
Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD
0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
Future Conditions 1% Annual Chance Flood Hazard Zone X
Area with Reduced Flood Risk due to Levee. See Notes. Zone X
Area with Flood Risk due to Levee
OTHER FEATURES
Cross Sections with 1% Annual Chance
Water Surface Elevation
Coastal Transect
Base Flood Elevation Line (BFE)
Limit of Study
Jurisdiction Boundary
Coastal Transect Baseline
Profile Baseline
Hydrographic Feature
GENERAL STRUCTURES
Channel, Culvert, or Storm Sewer
Levee, Dike, or Floodwall

Historical Tax Rates

Real Estate Tax Rates, New York City

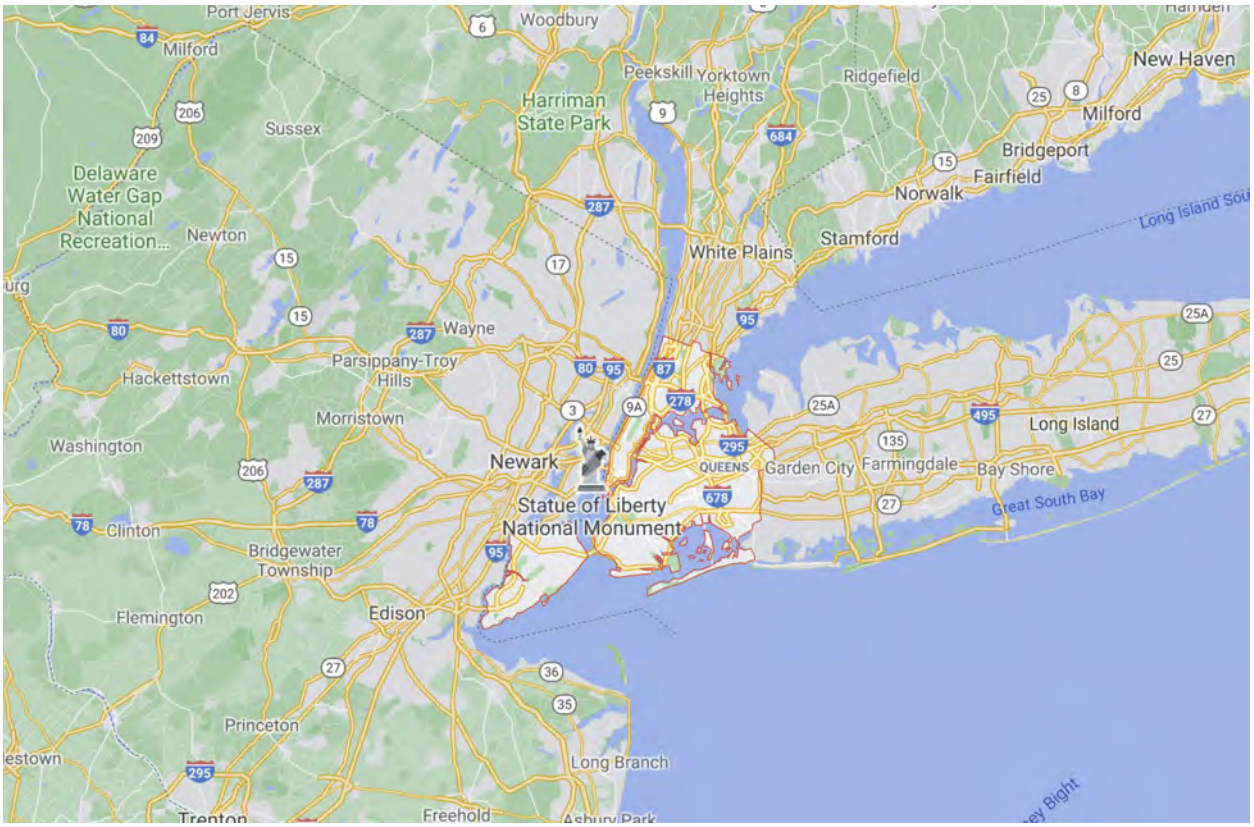
Real Estate Tax Rates, New York City

Year	Class 1	Class 2	Class 3	Class 4
2009/2010	17.088	13.241	12.743	10.426
2010/2011	17.364	13.353	12.631	10.312
2011/2012	18.205	13.433	12.473	10.152
2012/2013	18.569	13.181	12.477	10.288
2013/2014	19.191	13.145	11.902	10.323
2014/2015	19.157	12.855	11.125	10.684
2015/2016	19.554	12.883	10.813	10.656
2016/2017	19.991	12.892	10.934	10.574
2017/2018	20.385	12.719	11.891	10.514
2018/2019	20.919	12.612	12.093	10.514
2019/2020	21.167	12.473	12.536	10.537
2020/2021	21.045	12.267	12.826	10.694
2021/2022	19.963	12.235	12.289	10.755
2022/2023	20.309	12.267	12.755	10.646

Source: New York City Department of Finance

New York County Area Analysis

The following analysis includes pertinent aspects of the surrounding region as it pertains to the subject property. This report was compiled using data as of 2022 Q3 unless otherwise noted. Data is from a number of sources including the U.S. Bureau of Labor Statistics ("BLS"), the U.S. Bureau of Economic Analysis ("BEA"), and the U.S. Census Bureau.



Source: Google Maps

New York County At a Glance

The subject property is located in New York County, New York. New York County (Manhattan) is one of the five boroughs of New York City, and the central part of the NY-NJ Metro area. New York County is the most densely populated and geographically smallest of the five boroughs of New York City. It is the urban core of the New York metropolitan area and serves as the city's economic and administrative center. The borough consists mostly of Manhattan Island, bounded by the Hudson, East, and Harlem rivers, as well as several small adjacent islands. Anchored by Wall Street in the Financial District of Lower Manhattan, New York City has been called both the most economically powerful city and the leading financial center of the world. Despite being the second-smallest American county overall, it is the most populated and most densely populated U.S. county. Manhattan has the third-largest population of New York City's five boroughs, after Brooklyn and Queens. Numerous colleges and universities are located in Manhattan, including Columbia University, New York University, Cornell Tech, Weill Cornell Medical College, and Rockefeller University, which have been ranked among the top 40 in the world.

Manhattan has been described as the cultural, financial, media, and entertainment capital of the world, and the borough hosts the United Nations headquarters. Anchored by Wall Street in the Financial District of Lower Manhattan, New York City has been called both the most economically powerful city and the leading financial

center of the world, and Manhattan is home to the world's two largest stock exchanges by total market capitalization: the New York Stock Exchange and NASDAQ. Many multinational media conglomerates are based in Manhattan, and the borough has been the setting for numerous books, films, and television shows.

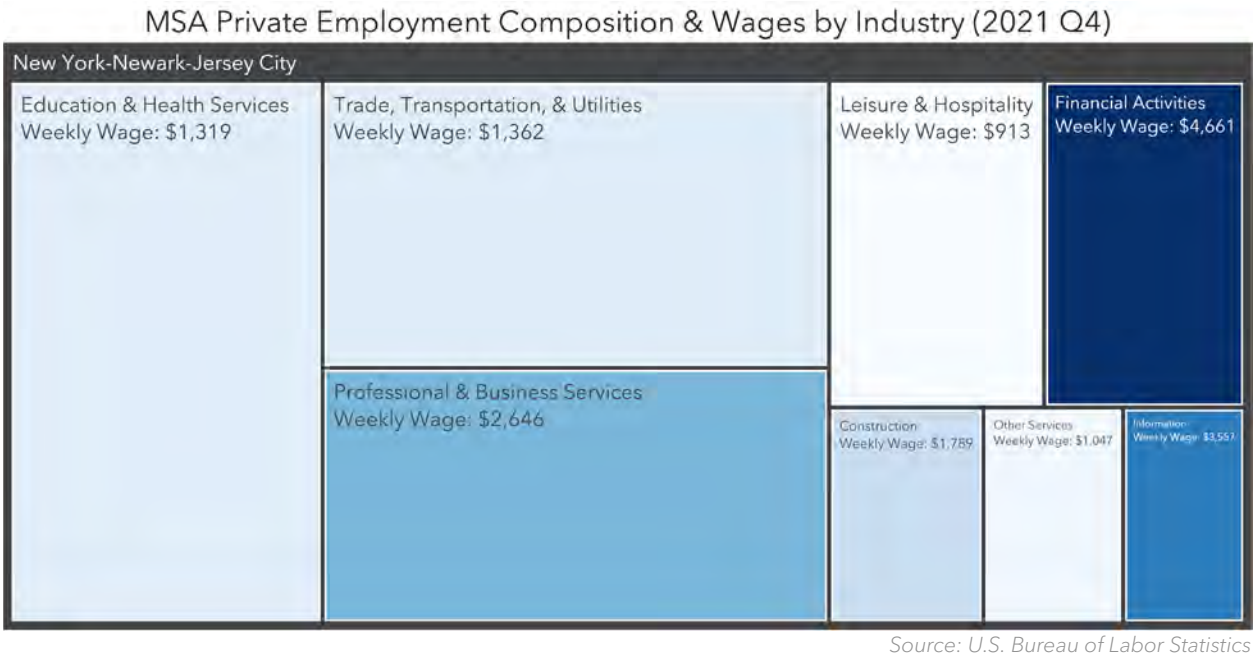
The COVID-19 pandemic slowed economic growth throughout the country, including here in New York County. Between February 2020 and April, New York County employers shed over 183,585 jobs (19.3% of the labor market), as social distancing protocols were put in place and operating restrictions were imposed. As such, County GDP contracted -4.5% in 2020, compared to the year prior. As of 09/22, the unemployment rate sits at 4.2%, below its five-year average of 5.6% and below the state level of 4.3%. The largest industry in terms of employment in New York County is Professional & Business Services, which employs 24.9% of all workers in the County.

Area Fundamentals

Attribute	County Level Value	5 Year Annualized Growth Rate	Relative to Baseline (MSA)
Employment	850,874	-1.6%	Slower than MSA
GDP	$610.4 billion	1.3%	Faster than MSA
Population	1,576,876	-0.7%	Slower than MSA
Per Capita Personal Income	$191,220	5.0%	Slower than MSA

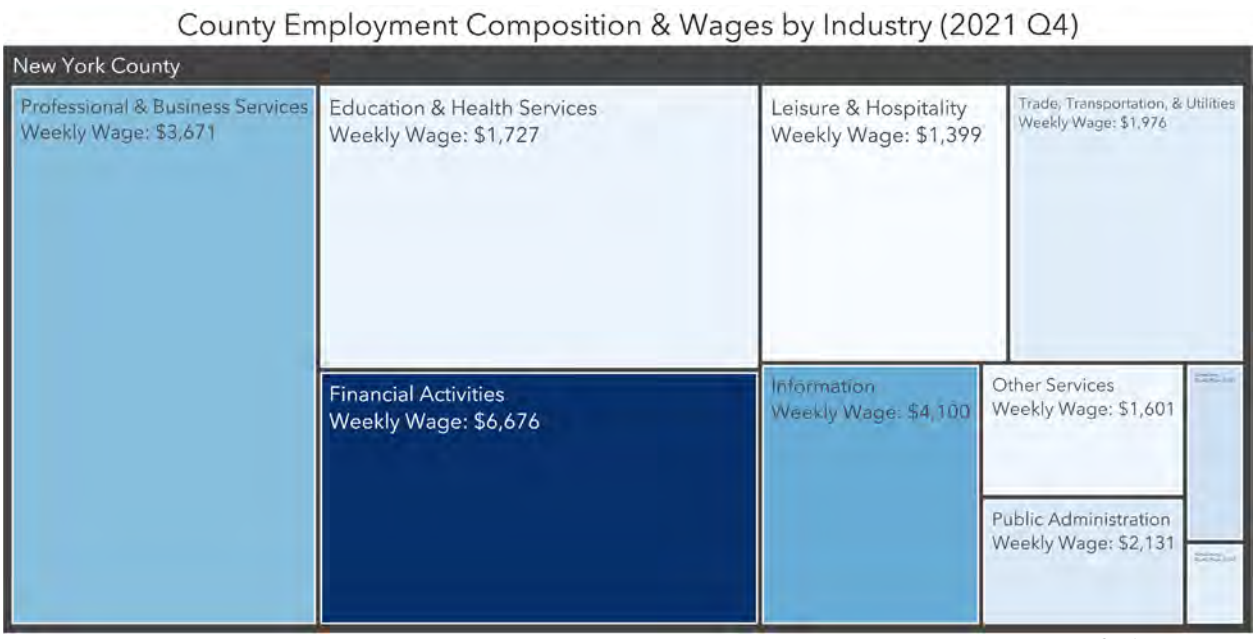
Labor Market Conditions

According to the Q4 2021 Quarterly Census of Employment and Wages, New York-Newark-Jersey City employed 7,598,354 private employees, with establishments in the Education & Health Services, Trade, Transportation, & Utilities, and Professional & Business Services industries accounting for the top three employers. These industries employ 1,924,821 (25.2%), 1,646,876 (21.5%), and 1,468,220 (19.2%) private sector workers in the Metro, respectively.



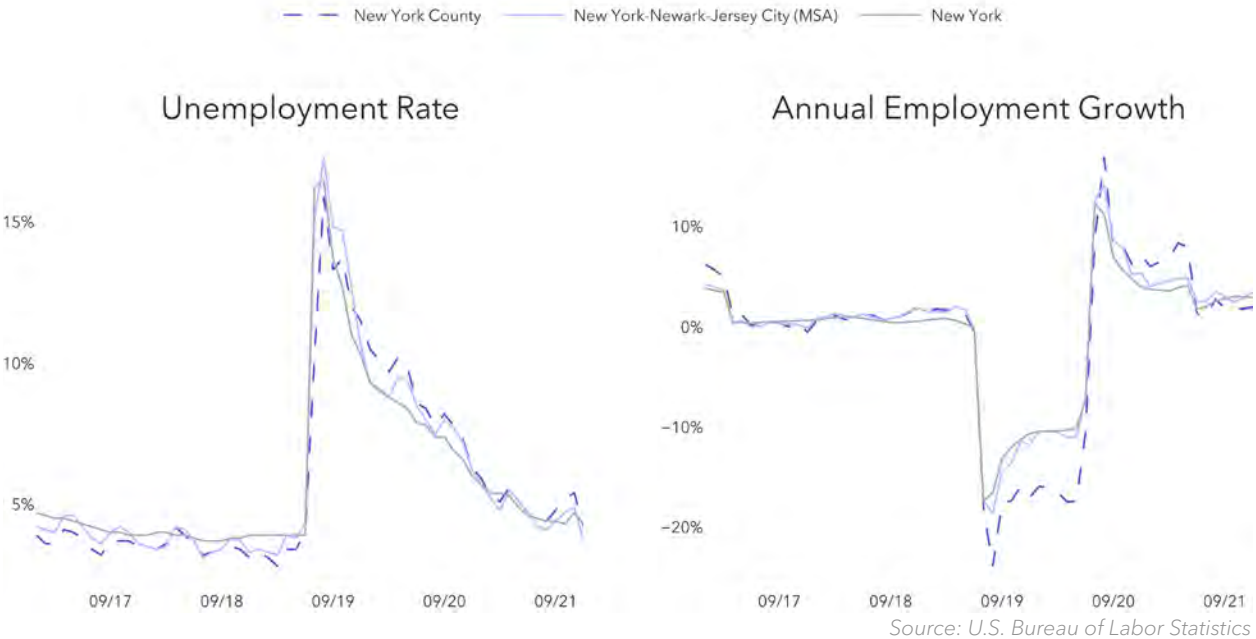
Source: U.S. Bureau of Labor Statistics

According to the Q4 2021 Quarterly Census of Employment and Wages, New York County employed 2,275,505 employees, with establishments in the Professional & Business Services, Education & Health Services, and Financial Activities industries accounting for the top three employers. These industries employ 568,187 (24.9%), 428,871 (18.8%), and 385,128 (16.9%) workers in the County, respectively. New York County has an especially large share of workers in the Information industry. In fact, its 8.7% fraction of workers is 4.2 times higher than the National average.



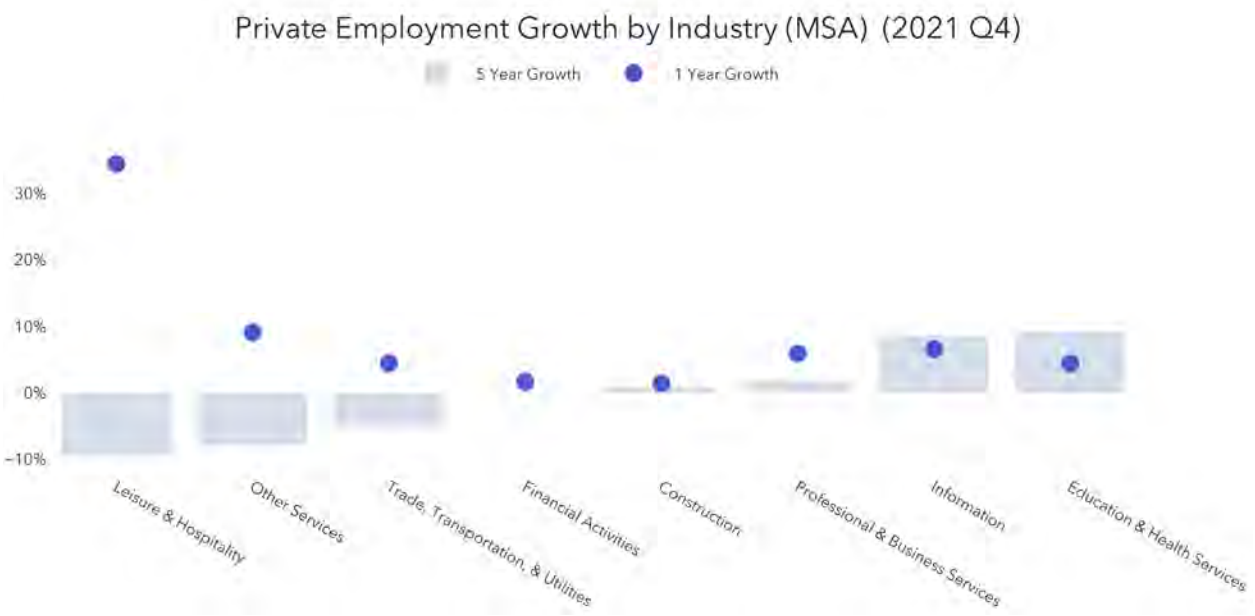
Source: U.S. Bureau of Labor Statistics

At the onset of the pandemic last spring, New York County area employers shed 19.3% of its workforce, expanding the unemployment rate from 3.4% in February 2020 to 10.3% just two months later. The unemployment rate in New York County has compressed over the past year to the current rate of 4.2%, just slightly above the New York-Newark-Jersey City rate of 3.7%. As of 09/22, total employment is up 2% on a year-over-year basis. The unemployment rate remains above its pre-pandemic level (Feb 2020) of 3.4%.



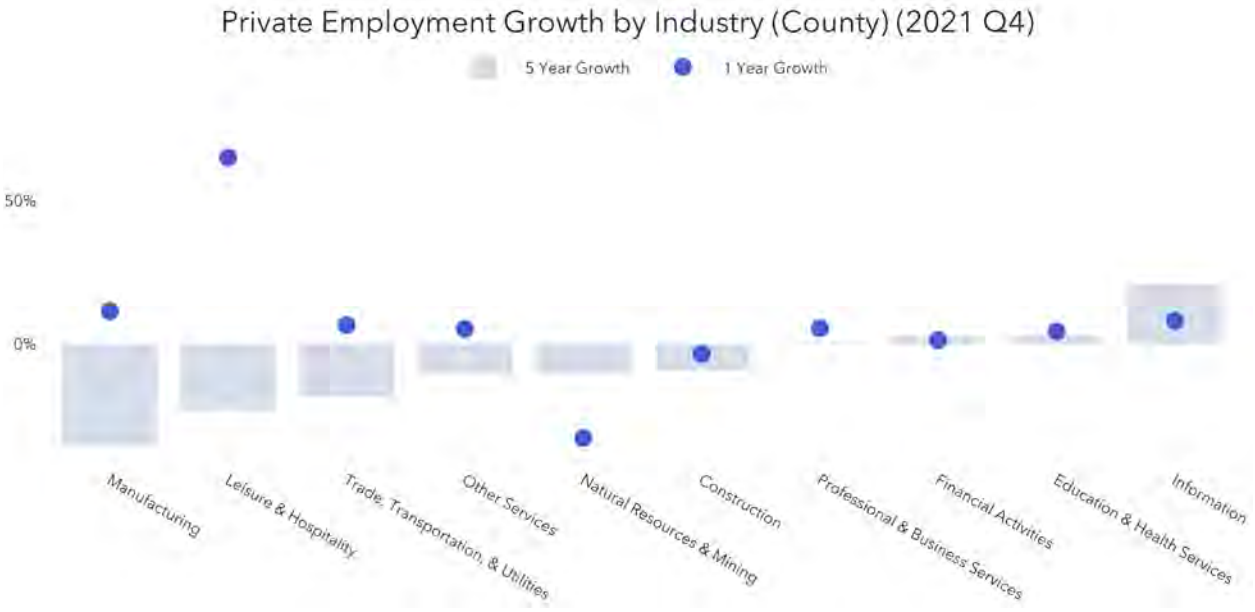
Source: U.S. Bureau of Labor Statistics

According to the Q4 2021 Quarterly Census of Employment and Wages, New York-Newark-Jersey City Metro has experienced private employment expand 0.0% (2,418) in total over the last five years. During that time, the Education & Health Services, Information, and Professional & Business Services industries saw the strongest growth, expanding 9.3%, 8.7%, and 1.8%, respectively. Meanwhile, the Leisure & Hospitality Industry has experienced employment collapse 9.5% over the previous five years.



Source: U.S. Bureau of Labor Statistics

According to the Q4 2021 Quarterly Census of Employment and Wages, New York County has experienced private employment compress 4.2% (-91,767) in total over the last five years. During that time, the Information, Education & Health Services, and Financial Activities industries saw the strongest growth, expanding 20.7%, 2.8%, and 2.7%, respectively. Meanwhile, the Manufacturing Industry has experienced employment collapse 35.5% over the previous five years.



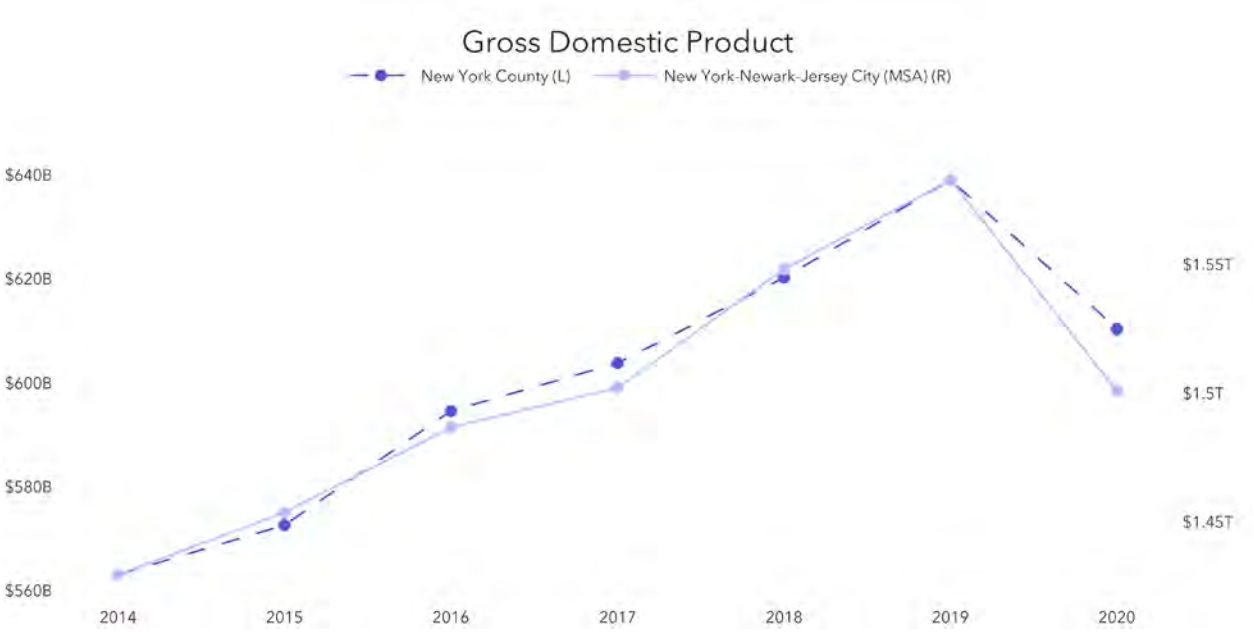
Source: U.S. Bureau of Labor Statistics

Economic Production

After accelerating to 6.9% in the fourth quarter of 2021, GDP growth fell for the 2nd straight quarter, decreasing at an annualized rate of 0.9% in Q2. Although there was a small rebound in GDP for Q3, Core CPI (all items less food

and energy) is at a 30 year high of 6.6% yoy, this is despite an increase in the Federal Funds Rate for the fifth time this year. As such, the Fed is widely expected to continue with rate hikes well into 2023, increasing the likelihood of a recession in the near term.

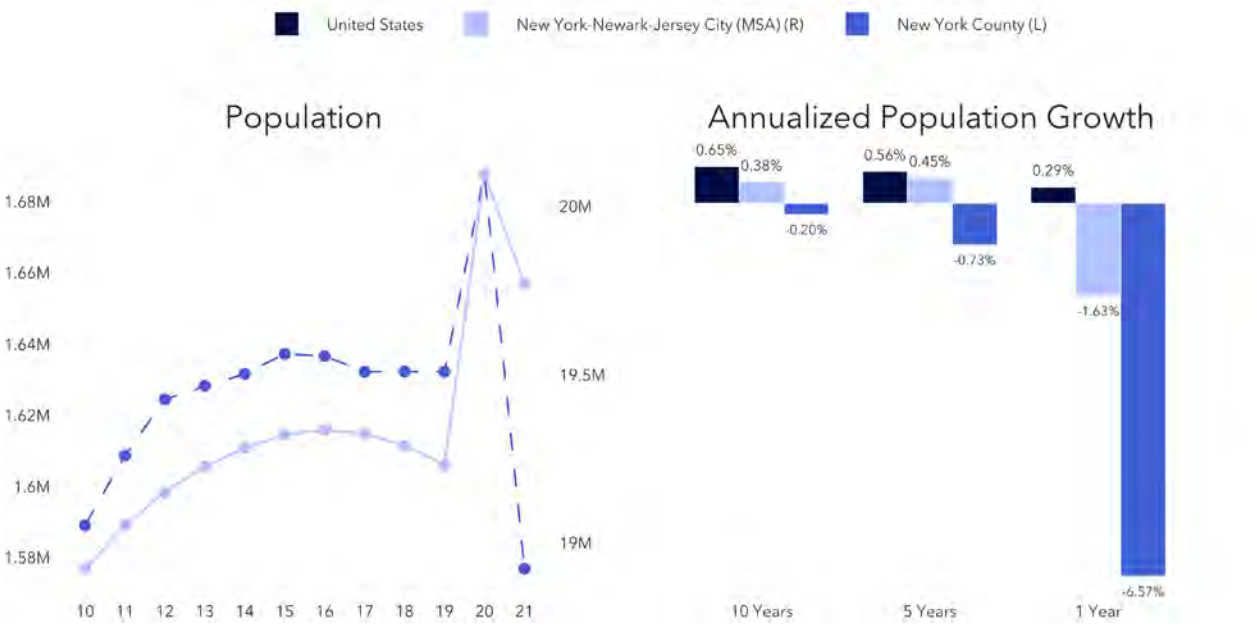
For the five years prior to the pandemic, New York County experienced average annual growth of 2.7% compared to 2.1% for the Metro. In 2020, New York County produced about $610.4 billion of output, representing an annual change of -4.5% compared to -5.2% for the Metro.



Source: U.S. Bureau of Economic Analysis

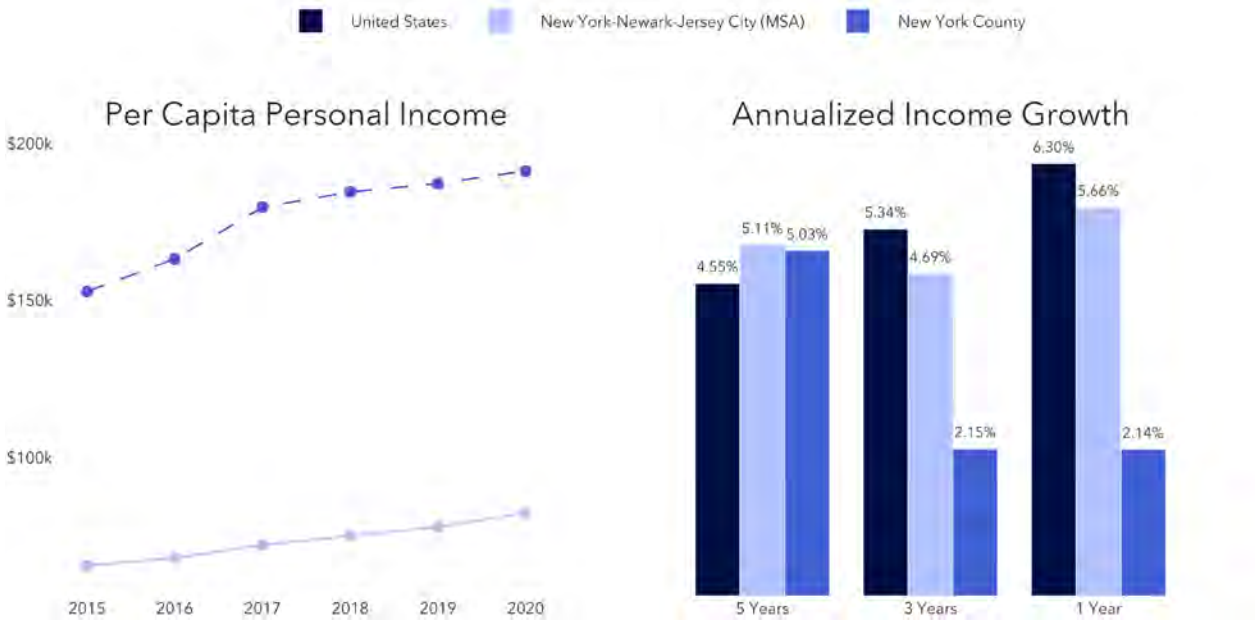
Demographics

Going back ten years, New York County's population has compressed 0.2% per annum to the 2021 count of 1,576,876. Over the past five years, growth has declined, contracting 0.7% per annum since 2016. This growth rate falls short of the Nation, which has expanded 0.6% per year over the last five years.



Source: U.S. Census Bureau

Going back five years, New York County residents' per capita personal income has expanded 5.0% per annum to the 2020 level of $191,220. Over the past three years, growth has declined, growing 2.1% per annum since 2017. This growth rate lags the Nation, which has expanded 5.3% per year over the last three years.



Source: U.S. Census Bureau

Infrastructure

Transportation Methods

The New York region's expressway network is extensive and includes four primary Interstate Highways: Interstate 78, Interstate 80, Interstate 87, and Interstate 95. Interstate 78 and Interstate 87, which

have, respectively, their eastern and southern termini in the city, as well as Interstate 95 enter the city limits, while Interstate 80's eastern terminus is in Teaneck, New Jersey.

The dominant mode of transportation in New York City is rail. The New York City Subway is the largest subway system in the world when measured by number of stations (472) and provides more than 100 stations in New York County along more than a dozen routes.

New York City's commuter rail system is the most extensive in the United States, with about 250 stations and 20 rail lines serving more than 150 million commuters annually in the tri-state region. Commuter rail service from the suburbs is operated by two agencies. The MTA operates the Long Island Railroad on Long Island and the Metro-North Railroad in the Hudson Valley and Connecticut. New Jersey Transit operates the rail network west of the Hudson River. These rail systems converge at the two busiest train stations in the United States, Penn Station and Grand Central Terminal, both in Manhattan. Intercity service is provided by Amtrak, connecting to many cities in the Northeast Corridor, stretching from Washington, DC north through Baltimore, Philadelphia, Trenton, NYC, Stamford, New Haven, and Boston.

The Port Authority Trans-Hudson (PATH) is a rapid transit system that links New York County to Jersey City, Hoboken, Harrison, and Newark, in New Jersey.

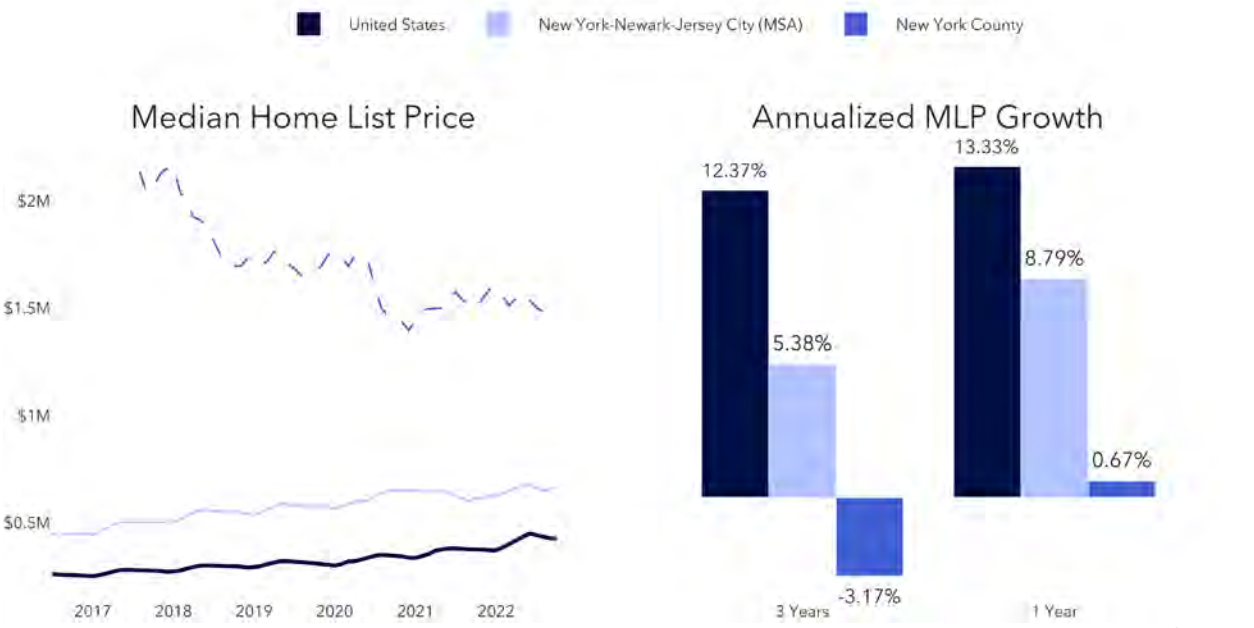
Operated by the MTA, New York City and New York County have the largest bus system in the U.S. running 24/7 across the five boroughs encompassing 238 routes. There are several private bus companies providing transit within New York City and throughout the region.

Within the New York City metropolitan area, the airport system—which includes John F. Kennedy International Airport, LaGuardia Airport, Newark Liberty International Airport

Housing

In 2021, historically low mortgage rates, the desire for more space, and the ability to work from home led to an increase in demand for housing. This, combined with historically low inventory levels, pushed values to record highs in most counties and metros across the Nation in 2021 and first half of 2022, with medium listing price in the US reaching $449,000 in June 2022. However, with persistent inflation in the current year, the Fed has hiked interest rates, pushing mortgage rates to 7% as of October. The sharp rise in mortgage rates has eroded housing affordability, resulting in a decrease in demand, and values. While values remain up 14% over the past year, the medium listing price in the USdecreased 4.8% from June to $427,250 in September.

In New York County, Realtor.com data points to continued growth in values. In fact, as of 10/2022, the median home list price sits at $1,510,000, an increase of 1% compared to an increase of 9% for the New York-Newark-Jersey City Metro, and an increase of 13% across the Nation over the past year. With the recent sharp rise in mortgage rates, demand is expected to soften along with growth in values.



Source: Realtor.com

Outlook

The United States economy continues to feel some lingering effects from the pandemic, with a mix of cautiously optimistic and worsening signs. The unemployment rate in September dropped to 3.5%, with total nonfarm payroll employment increasing by 263,000, matching the lowest pre-pandemic rate of February of 2020. Notable job gains occurred in leisure and hospitality and in health care. The global supply chain pressure index, which measures disruptions on supply side, has shown significant improvement since the worst month of disruptions in December 2021. However, with persistent levels of inflation continuing through September, the Fed repeatedly reaffirmed its commitment to fighting inflation. As such, the Fed is widely expected to continue with rate hikes well into 2023, increasing the likelihood of a recession in the near term.

The current unemployment rate in New York County of 4.2% is below its five-year average. By Contrast, that rate is also below the state rate of 4.3%, but above the national rate of 3.7%. New York County continues to experience population loss with one- and five-year annual growth rates of -6.6% and -0.7%. Considering its positive GDP growth over the five years prior to the pandemic, its diversified economy, and despite its declining population, the county is well equipped for near and long-term growth.

Qualifications

Helen Peng, MAI, AI-GRS

Director

Experience

Helen Peng is a Director at Bowery Valuation who joined in February 2019. Helen has over 32 years of experience in real estate valuation. The majority of her career was spent at Bankers Trust/Deutsche Bank. The first few years of her career was spent at Chase Manhattan Bank as an Appraiser with the last few years spent as a Director at BBG in New York City with the responsibility of Quality Control Reviewer.

At Deutsche Bank, Helen was a Director where she handled consulting, due diligence and prescreening of deals for various areas of the bank. Responsibilities include assessment of the transaction, cash flow analysis, market research, site visits and review of structure and documentation. Helen has also evaluated and conducted due diligence on domestic and international portfolios. Portfolios comprised of distressed mortgages and real estate owned assets. Travels covered Japan, Taiwan, South Korea, Sweden, Italy, France, Canada, Mexico, Czech Republic and Germany.

In addition, in her role as a Review Appraiser she ordered and reviewed appraisals, provided market data as well as opine on values for all property types on national basis.

During her tenure at Chase Manhattan Bank, Helen was a Second Vice President and Senior Staff Appraiser. Her experience involves writing and reviewing reports for various property types including commercial, industrial, residential and retail. Property located in Metropolitan and Suburban New York.

Education

New York University	Master of Science in Real Estate, Diploma in Real Estate Investment
University of Connecticut	Bachelor of Science in Business Administration, Diploma in Real Estate and Urban Economic Studies

Certifications & Professional Designations

Appraisal Institute	MAI, Designated Member AI-GRS Designated Member Former Faculty Member Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.
CUNY - Baruch	Former Faculty Member of Steven L. Newman Real Estate Institute
Certified General Real Estate Appraiser	New York (License #46000008916) Florida (Certified General No. #RZ4138) Connecticut (License RDG.0001473) Georgia (Certified General No. 404728) Arizona (CGA – 1022387)

Michelle Zell, MAI

Senior Vice President

Experience

Michelle Zell is a Senior Vice President at Bowery Valuation, who joined the firm in October 2019. She has worked in the real estate appraisal industry for 16 years.

Ms. Zell has appraised multi-family, condominium and cooperative apartment buildings, retail properties, office buildings, restaurants, industrial properties, hotels, and vacant land properties in New York, New Jersey, Connecticut, Pennsylvania, Texas, and Florida. Ms. Zell specializes in managing large portfolios, appraising large scale existing and proposed developments, appraisals for EB-5 financing, market studies, and appraisals for litigation and condemnation proceedings.

Ms. Zell performs and manages appraisals for Israeli bond issuances in excess of $1B, and has extensive experience with the Israeli bond market since 2012. She specializes in serving a liaison between the appraisers, the audit firms and the Israeli Security Authority.

Significant appraisal assignments include Peter Cooper Village/Stuyvesant Town, a rental apartment complex in New York City with 12,000 units, the condominium conversion of The Apthorp and the Belnord, two large scale prewar landmarked developments in Manhattan, 70 Pine Street, the 1M square foot former AIG headquarters converted to rental apartments, hotel, private club, restaurant and retail space, 701 7th Avenue, a proposed hotel and retail development located in Times Square and valued at $2B, market rent determination for Bell Works- the former Ball Labs in Holmdel, NJ, and multiple large developments for EB-5 financing including The Armature Works in Washington DC (a proposed mixed use retail, apartment and hotel development), 1 Journal Square (a proposed mixed use development in Jersey City), The Retail at Nassau Coliseum (proposed retail and entertainment complex adjacent to Nassau Coliseum), and Pacific Park (a proposed development of 15 land parcels to be developed with high rise residential, condominium, office and school buildings).

Before joining Bowery, Ms. Zell served as a Senior Appraiser at BBG (formerly Leitner Group) in New York City from 2003 through October 2019.

Education

Cornell University	Bachelor of Science
Emory University	Master of Public Health

Certifications & Professional Designations

Appraisal Institute	MAI, Designated Member Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.
Certified General Real Estate Appraiser	New York (#46-49921) Florida (#RZ4135) Texas (#TX 1380938G)

Publications

Ms. Zell published an article about the mainstreaming of alternative lending in GlobeSt.com, dated August 5, 2019. https://www.globest.com/2019/08/05/the-mainstreaming-of-alternative-lending/

Maren Lewis

Vice President

Experience

Maren Lewis is a Vice President at Bowery Valuation who joined the firm in October 2019. She has worked in the real estate industry for over 15 years, with over 5 years of commercial real estate appraisal experience.

Ms. Lewis has appraised multifamily rental buildings, condo and cooperative buildings, developable land, ground up construction sites, retail properties, hotels and special-use properties, such as schools and other community facility properties primarily in the New York metro area.

Prior to joining Bowery, Ms. Lewis served as a Valuation Associate at BBG, Inc. based in New York City.

Prior to her time at BBG Inc., Ms. Lewis worked for the Hotel Finance Group at Credit Agricole Corporate and Investment Bank, formerly known as Credit Lyonnais, for 8 years as a Credit Analyst and Junior Relationship Manager. In this role, she prepared detailed credit recommendations to senior management, including designing and creating detailed financial projection models and assisting in the process to structure and execute corporate and asset-backed financing opportunities for single assets and hotel companies. Additionally, this role included arranging for all due diligence requirements and monitoring the financial performance on a monthly basis.

Prior to Credit Lyonnais, Ms. Lewis worked in the Kenneth Leventhal Real Estate Group at Ernst & Young, LLP. In this consulting group, she valued real estate portfolios and performed market studies, including research of economic and demographic trends, assessment of market supply and demand, interviews of market participants, and analysis of historical market and segment performance.

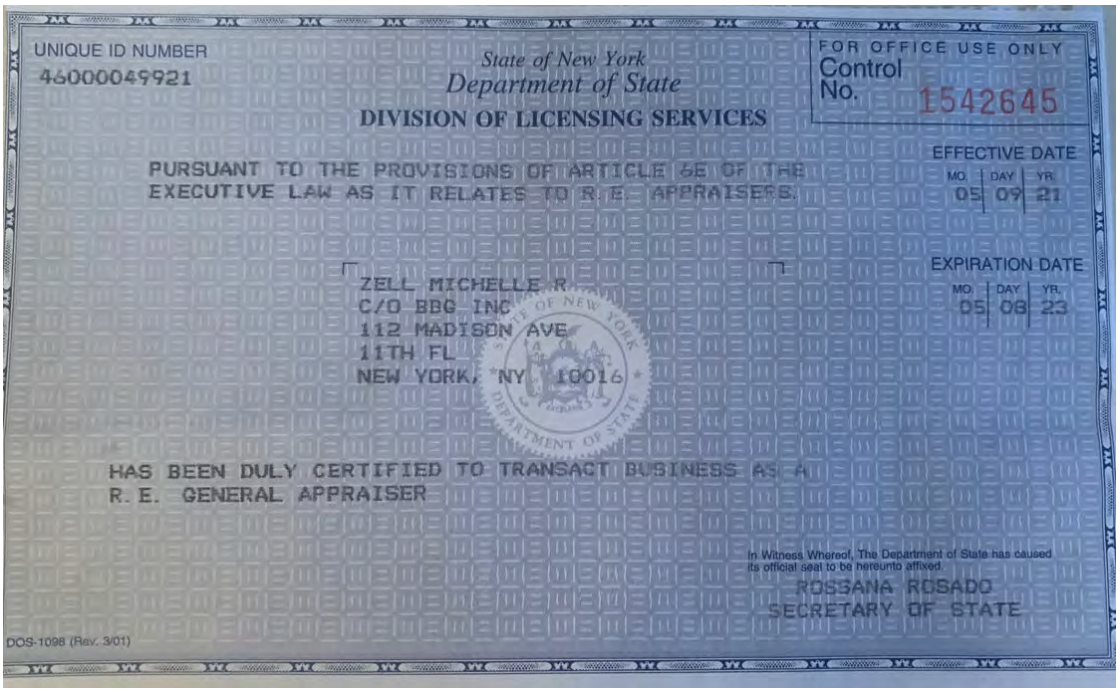
Education

Cornell University, School of Hotel Administration	Bachelor of Science with a focus on the hospitality industry and a concentration in finance, 1997
Appraisal Institute	Basic Appraisal Principles Basic Appraisal Procedures Real Estate Finance, Statistics and Valuation Modeling General Appraiser Market Analysis and Highest and Best Use General Appraiser Sales Comparison Approach General Appraiser Income Approach Part 1 General Appraiser Income Approach Part 2 General Appraiser Report Writing and Case Studies Using HP 12C Calculator Fair Housing, Fair Lending and Environmental Issues
McKissock	General Appraiser Site Valuation & Cost Approach 2020-2021 15-Hour National USPAP Course

Certifications & Professional Designations

Appraisal Institute	Candidate for Designation
Certified General Real Estate Appraiser	New York (#46000053421) New Jersey (#42RG00282100)

Licenses



UNIQUE ID NUMBER
46000049921

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PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS.

EFFECTIVE DATE
MO. 05 | DAY 09 | YR. 21

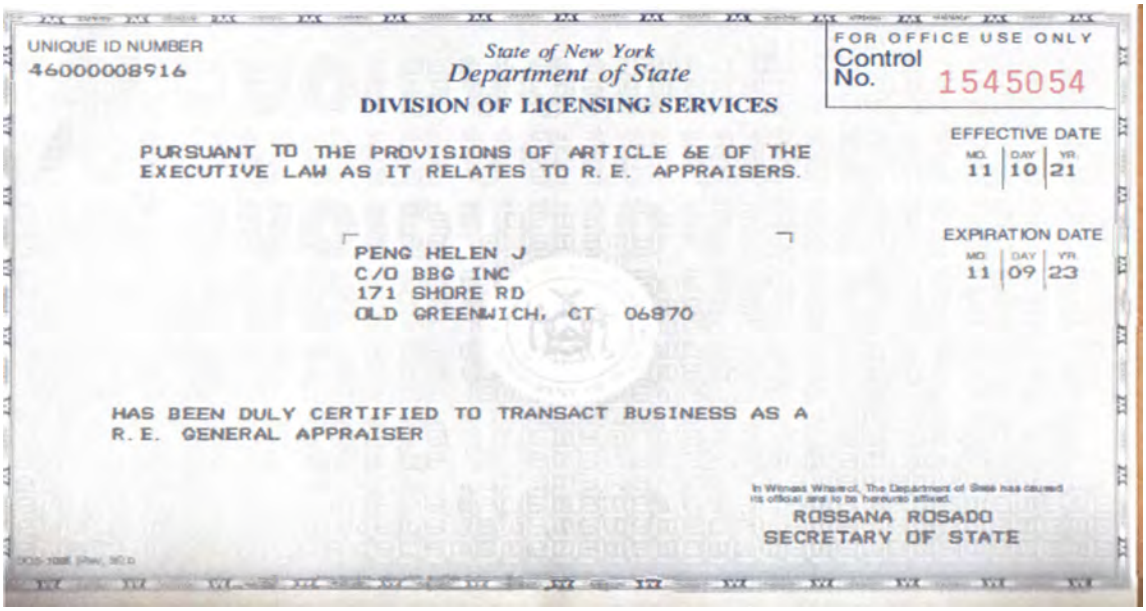
EXPIRATION DATE
MO. 05 | DAY 08 | YR. 23

ZELL MICHELLE R
C/O BBG INC
112 MADISON AVE
11TH FL
NEW YORK, NY 10016

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.
ROSSANA ROSADO
SECRETARY OF STATE

DOS-1098 (Rev. 3/01)



UNIQUE ID NUMBER
46000008916

State of New York
Department of State
DIVISION OF LICENSING SERVICES

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PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS.

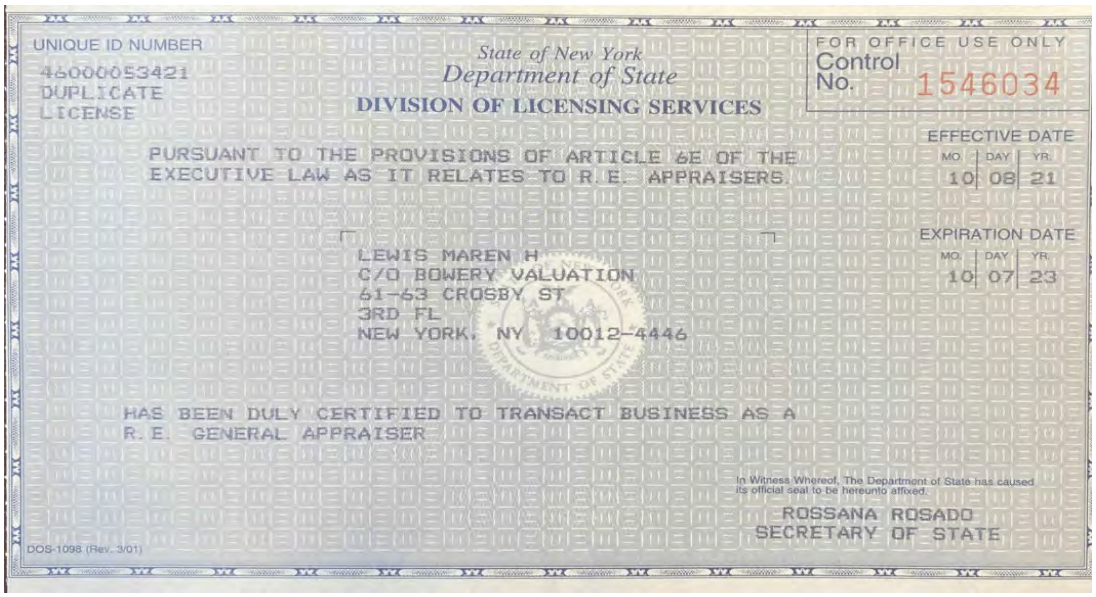
EFFECTIVE DATE
MO. 11 | DAY 10 | YR. 21

EXPIRATION DATE
MO. 11 | DAY 09 | YR. 23

PENG HELEN J
C/O BBG INC
171 SHORE RD
OLD GREENWICH, CT 06870

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER

ROSSANA ROSADO
SECRETARY OF STATE



UNIQUE ID NUMBER
46000053421
DUPLICATE
LICENSE

State of New York
Department of State
DIVISION OF LICENSING SERVICES

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PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS

EFFECTIVE DATE
MO. | DAY | YR.
10 | 08 | 21

EXPIRATION DATE
MO. | DAY | YR.
10 | 07 | 23

LEWIS MAREN H
C/O BOWERY VALUATION
61-63 CROSBY ST
3RD FL
NEW YORK, NY 10012-4446

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.

ROSSANA ROSADO
SECRETARY OF STATE

DOS-1098 (Rev. 3/01)

Glossary of Terms

Unless otherwise noted, The Dictionary of Real Estate Appraisal, 6th edition (Chicago: Appraisal Institute, 2015) is the source of the following definitions.

As Is Market Value — The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date, according to the Interagency Appraisal and Evaluation Guidelines (Federal Deposit Insurance Corporation: 2010). Note: The use of the "as is" phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States.

Condominium — A multiunit structure, or a unit within such a structure, with a condominium form of ownership.

Deferred Maintenance — Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.

Depreciation — A loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvements on the same date.

Direct Capitalization — A method used to convert an estimate of a single year's net operating income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor. This technique employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified overall. This method is most useful when the property is already operating on a stabilized basis, according to The Appraisal of Real Estate, 14th Edition (Appraisal Institute: 2013).

Discounted Cash Flow — The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analysis specifics the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Effective Date — (1) The date on which the appraisal or review applies. (2) In a lease document, the date upon which the lease goes into effect.

Effective Gross Income — The anticipated income from all operations of real property adjusted for vacancy and collection losses.

Entrepreneurial Profit — (1) A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. (2) In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Equity Dividend	The portion of net income that remains after debt service is paid; this is returned to the equity position.
Excess Land	Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. Dictionary of RE Appraisal, pp. 80-81.
Exposure Time	(1) The time a property remains on the market. (2) The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Note: Exposure time is a retrospective.
Extraordinary Assumption	An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.
Fee Simple Interest	Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.
Financial Feasibility	An analysis to determine which of those uses deemed possible and legal can provide a net return to the owner of the site.
Gross Building Area	Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
Highest and Best Use	(1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid, according to David Parker's International Valuation Standards (John Wiley & Sons, Ltd: 2016). (3) The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future, according to the Uniform Appraisal Standards for Federal Land Acquisitions (The Appraisal Foundation: 2016).
Hypothetical Condition	A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.
Insurable Value	A type of value for insurance purposes.
Leased Fee Interest	The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
Leasehold Interest	The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.
Legally Permissible Use	An investigation into existing zoning regulations, lease terms, and deed restrictions on the site to determine which uses are legally permitted.

Liquidation Value (also known as Disposition Value)	The most probable price that a specified interest in real property should bring under the following conditions: • Consummation of a sale within a short time period. • The property is subjected to market conditions prevailing as of the date of valuation. • Both the buyer and seller are acting prudently and knowledgeably. • The seller is under extreme compulsion to sell. • The buyer is typically motivated. • Both parties are acting in what they consider to be their best interests. • A normal marketing effort is not possible due to the brief exposure time. • Payment will be made in cash in US dollars or in terms of financial arrangements comparable thereto. • The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
Marketing Time	An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.
Market Rent	The most probable rent that property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).
Net Operating Income	The anticipated net income remaining after all operating expenses are deducted from effective gross income.
Net Rentable Area	For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.
Physically Possible Use	An analysis to determine those uses of the subject which can be deemed physically possible.
Potential Gross Income	The total potential income attributable to the real property at full occupancy before operating expenses are deducted. It may refer to the level of rental income prevailing in the market or that contractually determine by existing leases.
Property Rights Appraised	The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
Prospective Opinion of Value	A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.
Replacement Cost for Insurance Purposes	The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).
Replacement Costs	The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards,

	design, and layout.
Reproduction Costs	The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building.
Retrospective Value Opinion	A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion".
Reversion	A lump-sum benefit an investor expects to receive upon the termination of the investment.
Stabilized Income	(1) An estimate of income, either current or forecasted, that presumes the property is at stabilized occupancy. (2) The forecast of the subject property's yearly average income (or average- equivalent income) expected for the economic life of the subject property. (3) Projected income that is subject to change but has been adjusted to reflect an equivalent, stable annual income.
Stabilized Occupancy	(1) The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and presuming it is priced at market rent and has had reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand. (2) An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life.
Surplus Land	Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. Dictionary of RE Appraisal, pp. 227-228.
Yield Capitalization	The capitalization method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate. This method explicitly considers a series of cash flows (net income over a holding period) over time together with any reversion value or resale proceeds. Since this technique explicitly reflects the investment's income pattern, it is especially suited to multi-tenant properties with varying leasing schedules as well as properties that are not operating at stabilized occupancy, according to The Appraisal of Real Estate, 14th Edition (Appraisal Institute: 2013).